



**COLLECTIVE
BARGAINING
AGREEMENT**

COLLECTIVE BARGAINING AGREEMENT

of November 2, 2008

BETWEEN

THE BOEING COMPANY

and

**INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS, AFL-CIO**

and

**CERTAIN DISTRICTS AND LOCAL LODGES
THEREOF**

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2 **COLLECTIVE BARGAINING AGREEMENT**

3 **of November 2, 2008**

4 **BETWEEN**

5 **THE BOEING COMPANY**

6 **and**

7 **INTERNATIONAL ASSOCIATION OF MACHINISTS**
8 **AND AEROSPACE WORKERS, AFL-CIO**

9 **and**

10 **CERTAIN DISTRICTS AND LOCAL LODGES THEREOF**
11
12

13 THIS AGREEMENT, dated as of the 2nd day of November, 2008, by and
14 between The Boeing Company, a Delaware corporation (the term “the
15 Company” being hereinafter deemed in each instance to refer to such
16 corporation), and the International Association of Machinists and Aerospace
17 Workers, AFL-CIO, and those of its lodges now and hereafter representing
18 employees of the Company in the units described in Article 1 (the term “the
19 Union” being hereinafter deemed in each instance to refer to the
20 International Association of Machinists and Aerospace Workers, AFL-CIO,
21 and to each such district or local lodge in reference respectively to the
22 collective bargaining unit with which it is identified and the employees
23 therein);

24 WITNESSETH that

25 WHEREAS, the parties have negotiated the terms and conditions of a
26 Collective Bargaining Agreement (hereinafter referred to as the
27 “Agreement”), relating to employees of the Company represented by the
28 Union and more particularly described in this Agreement and to the wages,
29 hours and other terms and conditions of employment of such employees,
30 and the parties desire to reduce the Agreement to writing; and whereas the
31 terms “Primary Location” and “Remote Location,” as used in this
32 Agreement and the appendices hereto respectively shall have the following
33 meanings: “Primary Location” shall refer to a major base of Company
34 operations designated by the Company as a Primary Location such as
35 “Puget Sound,” “Wichita” or “Portland.” “Remote Location” shall refer to
36 a Company operation located in an area away from a Primary Location and

1 designated by the Company as a Remote Location of a particular Primary
2 Location, such as Vandenberg Air Force Base, Plant 77 (Ogden, Utah), etc.

3 NOW, THEREFORE, in consideration of the mutual promises hereinafter
4 set forth, the parties hereto agree as follows:

5 **ARTICLE 1**
6 **UNION REPRESENTATION**

7
8 **Section 1.1 Units Covered.**

9 The Company recognizes the Union as the exclusive collective bargaining
10 agent for all employees covered by this Agreement, as follows:

11 **1.1(a) Puget Sound Unit.**

12 **1.1(a)(1)** Those employees in the collective bargaining unit that
13 were involved in National Labor Relations Board Case No. 19-RC-
14 344, and now consisting of: All production and maintenance
15 employees of the Company in the State of Washington, who are
16 not on temporary assignment from a Primary Location other than
17 Puget Sound, but excluding, as to employees within and without
18 the State of Washington: employees working in the receiving and
19 testing department performing chemical or electrical laboratory
20 work; stenographers A and B working for foremen, general
21 foremen, inspection supervisors, production supervisors and chief
22 timekeepers; production engineers in the Production Planning
23 Department and the Experimental Production Department working
24 under the job titles of Senior Production Engineer B, Production
25 Engineer A, Production Engineer B, Production Planner Special
26 and Production Planner B; the following employees in departments
27 521 and 525: production control recorders, working group leaders,
28 clerks, expeditors, stenographers and operators of tabulating, key
29 punch and verifier machines; power plant operators; truck drivers
30 operating on the public highway; office clerical employees; guards,
31 professional employees, and supervisors as defined in the Labor-
32 Management Relations Act of 1947; and subject to any further
33 exclusions to the extent required by other certifications, orders or
34 rulings of the NLRB, and further excluding those classifications,
35 organizations and functions which have superseded those
36 mentioned in the foregoing exclusions, and

37 **1.1(a)(2)** All staff nurses employed by the Company in the State
38 of Washington, excluding supervisory nurses, as designated in
39 National Labor Relations Board certification dated January 29,
40 1973, in Case No. 19-RC-6400, and

1 **1.1(a)(3)** Instructors and group leaders assigned as instructors over
2 the production and maintenance employees designated in
3 subparagraph 1.1(a)(1), and

4 **1.1(a)(4)** All employees of the Company in the Puget Sound Unit
5 as described in subparagraphs 1.1(a)(1), 1.1(a)(2) and 1.1(a)(3)
6 who are outside the State of Washington but who are at Remote
7 Locations identified with the Puget Sound Primary Location.

8 Such unit is primarily identified with the Primary Location known
9 as Puget Sound and with Aerospace Industrial District Lodge No.
10 751, IAM & AW, AFL-CIO.

11 **1.1(b) Wichita Unit.**

12 **1.1(b)(1)** Those employees in the collective bargaining unit
13 described as follows: those employees in the collective bargaining
14 unit that were involved in National Labor Relations Board Case
15 No. 17-R-406 and to whom Appendix "A" to the "Agreement for
16 Consent Election" executed June 14, 1943, in that case, relates,
17 including generally all hourly paid production and maintenance
18 employees; and classifications of employees subsequently added
19 pursuant to agreement of March 28, 1946 (including Tool Record
20 Clerks), agreement of May 16, 1946 (including Timekeepers),
21 agreement of June 14, 1946 (including Production Stock Record
22 Clerks), agreement of October 25, 1946 (including Production
23 Inventory Clerks), agreement of February 27, 1947 (including
24 Blueprint Control Clerks), National Labor Relations Board
25 decision in Case Numbers 17-RC-790 and 17-RC-791 (including
26 Contact Printers and Rivet Control Clerks), and National Labor
27 Relations Board decision in Case No. 17-RC-905 and agreement of
28 March 29, 1951 (including Inspectors in certain designated job
29 classifications), and National Labor Relations Board decision in
30 Case No. 17-RC-5403 and agreement of May 5, 1967 (including
31 Industrial Waste Treatment Plant Operators); but excluding all
32 classifications of employees not permitted to vote in the consent
33 election on July 3, 1943 in National Labor Relations Board Case
34 No. 17-R-406; and subject to any further exclusions to the extent
35 required by other certifications, orders or rulings of the NLRB.

36 **1.1(b)(2)** All employees of the Company in the Wichita Unit
37 described in 1.1(b)(1) who are at Remote Locations identified with
38 the Wichita Primary Location.

39 Such unit is primarily identified with the Primary Location known
40 as Wichita and with District Lodge No. 70, IAM & AW, AFL-
41 CIO.

1 **1.1(c) Portland Unit.**

2 **1.1(c)(1)** Those employees in the collective bargaining unit
3 described as follows: those hourly paid production and
4 maintenance employees, and occupational health nurses, within the
5 collective bargaining unit identified with the Portland Primary
6 Location, excluding office clerical employees, professional
7 employees, guards and watchmen, and supervisors as defined in
8 the National Labor Relations Act, as amended, and also excluding
9 individuals on temporary assignment from another Primary
10 Location, which Portland Primary Location is the operation the
11 Company is conducting at 19000 N.E. Sandy Boulevard, Portland,
12 Oregon, as designated in the collective bargaining agreement of
13 November 1, 1975, between the Company and the International
14 Association of Machinists and Aerospace Workers, AFL-CIO and
15 Willamette Lodge No. 63 thereof.

16 **1.1(c)(2)** All employees of the Company in the Portland Unit
17 described in subparagraph 1.1(c)(1) who are at Remote Locations
18 identified with the Portland Primary Location.

19 Such unit is primarily identified with the Primary Location known
20 as Portland and with District Lodge No. 24.

21 **1.1(d) Additional Primary Locations.**

22 All other production and maintenance employees of the Company of
23 the type referred to in subparagraph 1.1(a)(1) (subject to exclusions of
24 the type stated or referred to in subparagraph 1.1(a)(1)) whose
25 employment is identified with any Primary Location hereinafter
26 designated as such by the Company.

27 **Section 1.2 Employees Assigned Away From Primary Location-Unit**
28 **Identification.**

29 It is recognized that the Company's business for the foreseeable future will
30 require the establishment and maintenance, or continued maintenance of
31 temporary or semi-permanent operations in various locations in North
32 America and the islands related thereto and in each such instance where a
33 designated Remote Location is involved, it is the intent of this Agreement
34 that, subject to any further or supplemental agreement of the parties on the
35 matter, employees that are assigned to work at such location or are hired at
36 the location for work there, shall be considered as remaining or being within
37 the collective bargaining unit identified with the Primary Location of the
38 Company that originally set up the work force identified with the business
39 being conducted by the Company at such location; with the exception that
40 in the case of employees at such location who are there by reason of
41 temporary assignment from some Primary Location other than the one
42 originally setting up such work force, the latter employees shall while on

1 such temporary assignment continue to be identified with the collective
2 bargaining unit at the Primary Location from which they were so assigned.

3 **Section 1.3 Union Jurisdictional Claims – Settlement Of.**

4 Controversies between the Company and the Union, arising out of Union
5 jurisdictional claims as to the employees properly to be included in one of
6 the collective bargaining units identified in this Article 1 and to work
7 assignments of unrepresented individuals, shall be resolved in accordance
8 with the following rules and procedures:

9 **1.3(a)** Controversies to which this Section 1.3 relates shall be those
10 based on the contention by the Union that the work assignments of one
11 or more unrepresented individuals properly should be performed only
12 by an employee in one of the units identified in this Article 1 and
13 represented by the Union.

14 **1.3(b)** An unrepresented individual is one employed by the Company
15 who is treated by the Company as not being within a unit represented
16 by the Union and who is not within a collective bargaining unit
17 represented by another labor organization.

18 **1.3(c)** Temporary performance by an unrepresented employee of work
19 that is not normally and regularly a part of his/her job assignment shall
20 not be used by the Union as the basis for any jurisdictional claim under
21 this Section 1.3. It is understood that this Section 1.3(c) shall not be
22 used in determining whether such temporary performance affords basis
23 for a grievance under any other provision of this Agreement.

24 **1.3(d)** Union jurisdictional claims shall be resolved as provided in
25 Section 19.15.

26 **1.3(e)** It is the intent of the Company that unrepresented employees
27 shall not be assigned to displace employees in any of the bargaining
28 units identified in this Article 1 during periods such unrepresented
29 employees remain outside any such bargaining unit.

30 **1.3(f)** Any jurisdictional dispute involving represented employees who
31 are not within one of the units described in this Article 1 shall not be
32 subject to the grievance and arbitration provisions of this Agreement.

33 **ARTICLE 2**
34 **RIGHTS OF MANAGEMENT**

35 **Section 2.1 Management of Company.**

36 The management of the Company and the direction of the work force is
37 vested exclusively in the Company subject to the terms of this Agreement.
38 All matters not specifically and expressly covered or treated by the
39 language of this Agreement may be administered for its duration by the

1 Company in accordance with such policy or procedure as the Company
2 from time to time may determine.

3 **ARTICLE 3**
4 **UNION SECURITY**

5 **Section 3.1 Union Membership.**

6 Subject to Section 3.3 below, all employees within the bargaining unit
7 defined in Section 1.1(a) (hereinafter referred to as the Puget Sound Unit) or
8 within the bargaining unit defined in Section 1.1(c) (hereinafter referred to
9 as the Portland Unit) shall become members of the Union within thirty-one
10 (31) days following the beginning of such employment in the Puget Sound
11 Unit or the Portland Unit, or within thirty-one (31) days following the
12 execution of this Agreement, whichever is later, and shall thereafter
13 maintain their membership in good standing in the Union during the life of
14 this Agreement, as a condition of continued employment.

15 **Section 3.2 Maintenance of Membership.**

16 Subject to Section 3.3 below, employees of the Company who are within
17 the Puget Sound Unit or the Portland Unit and who are or become members
18 of the Union on or after the effective date of this Agreement shall, as a
19 condition of employment, thereafter maintain their membership in good
20 standing in the Union during the life of this Agreement.

21 **Section 3.3 Satisfaction of Obligation.**

22 Employees who, under Sections 3.1 or 3.2 of this Article 3, are required
23 either to become members of the Union or maintain membership in good
24 standing in the Union may satisfy that obligation by periodically tendering
25 to the Union an amount equal to the Union's regular and usual monthly
26 dues.

27 **Section 3.4 Failure to Satisfy Obligation.**

28 In the event an employee who, as a condition of continued employment, is
29 required under this Article 3 to become a member of the Union, or maintain
30 his/her membership in good standing therein, but in any such case does not
31 do so, the Union will notify the Company in writing, through the Corporate
32 Union Relations Office, or through such other office as may be designated
33 by the Company, of such employee's delinquency. The Company agrees to
34 advise such employee that his/her employment status with the Company is
35 in jeopardy and that his/her failure to meet his/her obligation under this
36 Article 3 within five (5) days will result in his/her termination of
37 employment.

38 **Section 3.5 Explanation to Employees.**

39 Either the Company or the Union may explain to any employee or call to
40 his/her attention, at any time, his/her rights and obligations under any or all
41 provisions of this Article 3.

1 **Section 3.6 Remote Locations.**

2 Where the application of provisions such as those in Sections 3.1 and 3.2 of
3 this Article 3 are not permitted by state law at a Primary Location, it shall
4 not apply to Remote Locations identified with the Primary Location.

5 **Section 3.7 Right to Work States.**

6 In regard to employees within those collective bargaining units covered by
7 this Agreement that are identified with Primary Locations in states where
8 application of union security provisions such as those stated in Sections 3.1
9 and 3.2 of this Article 3 are not legally permitted as of the effective date of
10 this Agreement: In the event the application of such provisions were to
11 become permissible in such state during the effective period of this
12 Agreement, provisions such as those applicable to the Puget Sound Unit and
13 the Portland Unit under this Article 3 then would become applicable to the
14 collective bargaining unit identified with the Primary Location in that state,
15 and the date that such provision became permissible would be used instead
16 of the effective date of this Agreement.

17 **Section 3.8 Payroll Deduction for Union Dues and Initiation Fee.**

18 The Company shall make payroll deductions for the Union's initiation fee,
19 and its regular and usual monthly dues, upon receipt by the office
20 designated by the Company of a voluntary written assignment from the
21 employee covering such deductions on a form mutually agreed to by the
22 Union and the Company. The list of such deductions will be itemized to
23 include each such employee's social security number or permanent
24 employee number, name, and amount of deduction, and such itemization
25 will be forwarded to the Union. The initiation fee or regular and usual
26 monthly dues shall either be in amounts that are specified on such
27 assignments, or pursuant to a written formula, submitted by the Union to the
28 Company which, in either case, the Company has approved in writing in
29 advance as being administratively practicable.

30 **Section 3.9 Contributions to Machinists' Nonpartisan Political League.**

31 Upon receipt by the Company of a signed voluntary authorization by an
32 employee, on a form approved by the Company, requesting that there be
33 deductions made from his/her wages, in a monthly amount designated by
34 the employee, such deductions to be forwarded to the Union for use by the
35 Machinists' Nonpartisan Political League, the Company will thereafter
36 make such deductions and forward them to the Machinists' Nonpartisan
37 Political League, care of the Union. Such authorization will remain in
38 effect for the duration of this Agreement, unless earlier canceled in writing
39 by the employee.

40 **Section 3.10 Contributions to Guide Dogs of America.**

41 Upon receipt by the Company of a signed voluntary authorization by an
42 employee, on a form approved by the Company, requesting that there be
43 deductions made from his/her wages, in a monthly amount designated by

1 the employee, such deductions to be forwarded to the Union for use by
2 Guide Dogs of America, the Company will thereafter make such deductions
3 and forward them to Guide Dogs of America, care of the Union. Such
4 authorization will remain in effect for the duration of this Agreement,
5 unless earlier canceled in writing by the employee.

6 **Section 3.11 Indemnity.**

7 The Union will indemnify and hold the Company harmless from and against
8 any and all claims, demands, charges, complaints or suits instituted against
9 the Company which are based on or arise out of any action taken by the
10 Company in accordance with or arising out of the foregoing provisions of
11 this Article 3.

12 **ARTICLE 4**
13 **UNION REPRESENTATIVES AND UNION ACTIVITY**

14 **Section 4.1 Union to Furnish List of Representatives.**

15 The Union shall inform the Company in writing of the names of its Grand
16 Lodge representatives, officers, business representatives and stewards who
17 are accredited to represent it, which information shall be kept up to date at
18 all times. Only persons so designated will be accepted by the Company as
19 representatives of the Union.

20 **Section 4.2 Bulletin Boards.**

21 The Company shall provide bulletin boards for the Union's use in areas
22 conveniently accessible to bargaining unit employees. New and
23 replacement boards will be at least three (3) feet by four (4) feet in size.
24 The Union may maintain the boards for the purpose of notifying employees
25 of matters pertaining to Union business notices shall be signed by a
26 representative of the Union who is authorized by the Union to approve
27 Union notices.

28 **Section 4.3 Business Representatives - Access to Plants.**

29 The Company shall provide identification badges so that each business
30 representative can have access during working hours to the area in which
31 employees are assigned who are within a bargaining unit defined in Article
32 1 and for which area he/she is an accredited business representative, to the
33 extent government or customer regulations will permit. The business
34 representative may retain the badge affording such access during the period
35 he/she is so assigned as a business representative.

36 **Section 4.4 Grand Lodge Representatives - Access to Plants.**

37 Grand Lodge representatives will be permitted access during working hours
38 to areas in the Company's facilities where employees in the bargaining units
39 defined in Article 1 hereof are assigned, for the purpose of conducting
40 Union business to the extent government or customer regulations permit.

1 **Section 4.5 Conditions Relating to Access to Plants.**

2 Access of Union representatives to Company facilities for the purpose of
3 investigating complaints or claims of grievance on the part of employees or
4 the Union shall be subject to the following:

5 **4.5(a)** The Company shall be required to admit only those accredited
6 business representatives who are being admitted as of the effective date
7 of this Agreement, and such other business representatives as may be
8 accredited by the Union as provided in Section 4.1 above.

9 **4.5(b)** Business representatives and Grand Lodge representatives who
10 are entitled under Sections 4.3 and 4.4 to admittance to the Company's
11 facilities shall sign in where required through the Company-designated
12 organization at the plant or facility they desire to enter. Upon being
13 admitted, they shall proceed to the shop or organization they wish to
14 visit, contact the supervisor then present, inform him/her of the purpose
15 of their visit and obtain his/her permission prior to contacting any
16 employee in such shop or organization. Such permission will be
17 granted except where there is a substantial reason for delaying the
18 contact due to safety conditions or the fact that a critical operation is in
19 process. Upon leaving the plant or facility they shall sign out and
20 return any temporary identification badges which were issued for the
21 purpose of the specific visit.

22 **4.5(c)** Business representatives and Grand Lodge representatives
23 granted admittance to the Company's facilities under this Article 4 shall
24 not engage in organizing or campaigning for Union or political office
25 on Company premises. This Section 4.5(c) will not be interpreted as
26 preventing business representatives or Grand Lodge representatives
27 from discussing, in nonwork areas during nonwork periods, matters of
28 Union membership, fees or dues, with employees who are within one of
29 the collective bargaining units described in Article 1 of this Agreement.

30 **4.5(d)** Union representatives who fail to comply with the provisions of
31 Sections 4.3, 4.4, 4.5 and 4.6 shall forfeit their admittance rights.

32 **Section 4.6 Union Activity During Working Hours.**

33 Solicitation of Union membership or collection or checking of dues will not
34 be conducted during working time. The Company agrees not to
35 discriminate in any way against any employee for Union activity, but such
36 activity shall not be carried on during working time, except as specifically
37 allowed by the provisions of this Agreement.

38 **Section 4.7 Stewards.**

39 The provisions and rules regarding stewards shall be as follows:

40 **4.7(a)** The Union may designate one (1) employee as a steward for
41 each one hundred (100) employees, or fraction thereof, for each shift in

1 each shop. In instances where a shop has a unit geographically
2 separated from its main location, the Union may also designate a
3 steward for each such separate unit for each shift provided that such
4 unit consists of a minimum of four (4) employees, is not adjacent to the
5 shop's main location and is not established on a temporary short-term
6 basis; notwithstanding Section 4.7(d), when such unit drops below four
7 (4) employees, no employee in such unit shall have steward status. If a
8 geographically separated unit of a shop does not have a separate
9 steward, arrangements will be made to permit employees in such unit to
10 contact a steward upon request. In the absence of the regular steward
11 for any reason, the Union may designate a temporary steward to act for
12 the regular steward. Such designation shall be in writing. (For the
13 purpose of this Section 4.7, a shop shall be defined as any organization,
14 geographically separated unit, or grouping of employees which the
15 parties establish in advance by mutual agreement. The definition of
16 "organization" as set forth in Section 22.1(n) of this Agreement shall be
17 applicable to that term as used in Section 4.7.)

18 **4.7(b)** The effective appointment date of a steward will be the third
19 workday following the date on which the appointment letter from the
20 Union is received by the applicable designated office of the Company,
21 provided the appointment is determined to be in conformance with
22 Section 4.7(a) above.

23 **4.7(c)** The Company will notify the Union of cases requiring a
24 selective reduction in the number of stewards to conform with Section
25 4.7(a) above. Within three (3) workdays following the date the Union
26 receives such notice from the Company, the Union will notify the
27 Company of the names of the appropriate number of individuals the
28 Union desires to have deleted from the Company records as stewards.
29 No surplus action will affect such excess stewards during such three
30 (3)-workday period. The above three (3)-workday waiting period will
31 not apply in the handling of situations wherein no selective reduction is
32 involved.

33 **4.7(d)** An employee while serving as a steward shall not be surplused,
34 transferred or loaned from his/her job title, or his/her shop, or his/her
35 shift so long as other employees remain in his/her job title, and in the
36 shop and on the shift for which he/she is designated as steward. If
37 he/she is not eligible so to remain in his/her job title, he/she will be
38 offered downgrade to the highest labor grade job title within his/her
39 normal line of promotion which is then being utilized in the shop and
40 on the shift for which he/she is designated as steward. If he/she
41 declines such a downgrade or if he/she is relieved of his/her steward's
42 status prior to such downgrade action, he/she will then be subject to
43 normal surplus procedures as provided in Article 22.

1 **4.7(e)** Stewards will be promoted and recalled from layoff on the same
2 basis as provided in Article 22 for other employees, except that in the
3 event a shift in a shop is deactivated and is reactivated by the Company
4 within one hundred twenty (120) calendar days after such deactivation,
5 the former steward will be offered an opportunity to return to that shop
6 and shift provided the Company determines to utilize the steward's
7 former job title or a lower grade in the same job family in such shop
8 and on such shift within such one hundred twenty (120)-day period,
9 and further provided that the former steward has not been replaced as
10 steward by the Union in the interim.

11 **4.7(f)** A steward will retain his/her steward status while on approved
12 medical leave of absence for a maximum of one hundred eighty (180)
13 calendar days, provided that he/she has not been replaced as steward by
14 the Union prior to expiration of such leave.

15 **Section 4.8 Departure from Work Assignment by Stewards to**
16 **Investigate Complaints or Claims of Grievance.**

17 Each steward shall notify and obtain permission from his/her supervisor
18 before leaving his/her work assignment for the purpose of investigating
19 complaints or claims of grievance on the part of employees or the Union or
20 contacting the business representative in regard to such claim or grievance.
21 Such permission shall be granted except where there is a substantial reason
22 for delaying the contact or the investigation due to safety conditions or the
23 fact that a critical operation is in process. The supervisor may be present
24 during any discussion relating to any complaint or grievance. However,
25 upon the request of an employee or steward, the supervisor shall authorize a
26 steward to participate in a private discussion with an employee or business
27 representative, relating to a complaint or grievance. Discussions of the type
28 described in this Section 4.8 shall be conducted without requiring the
29 employee or steward to clock out provided the discussion does not extend
30 beyond the time that the supervisor considers reasonable under the
31 circumstances.

32 **Section 4.9 Departure from Work for Union Business.**

33 Except as provided in Section 4.8 above, each steward, local lodge officer
34 or district council delegate shall have authorization from the Union, give
35 his/her supervisor at least twenty-four (24)-hour advance notice if possible
36 and clock out prior to departure from his/her work assignment to conduct
37 Union business. If the work assignment given the steward, local lodge
38 officer or district council delegate seriously interferes with the performance
39 of his/her duties for the Union, or if Union business seriously interferes with
40 his/her work assignment, the Company and the Union agree to cooperate in
41 making arrangements to prevent such interference in the future. However,
42 stewards, local lodge officers and district council delegates shall not be
43 penalized for such Union business; provided, that nonpayment by the

1 Company for time spent on Union business shall not be considered as a
2 penalty. This Section 4.9 shall apply to cases of stewards who are
3 designated to act for business representatives in accordance with Section
4 19.13 for the temporary period the steward is authorized as a designee.

5 **Section 4.10 Security Clearances.**

6 If governmental regulations require special clearance to obtain access to
7 certain areas where employees are assigned who are within a bargaining
8 unit defined in Article 1, the Company will cooperate with the Union to
9 obtain necessary clearance for two (2) representatives designated by the
10 Union: one (1) for the Puget Sound and Portland Units, and one (1) for the
11 Wichita Unit. If this number is not adequate in view of the workload, the
12 Company and the Union will discuss the possibility of attempting to obtain
13 clearance for additional representatives.

14 **ARTICLE 5**
15 **WORKWEEK, HOURS OF WORK, SHIFTS**

16 **Section 5.1 Workweek.**

17 The normal work schedule shall consist of five (5) consecutive workdays,
18 Monday through Friday, followed by two (2) days of rest (Saturday and
19 Sunday), except for those employees designated in advance by mutual
20 agreement between the Company and the Union who regularly work on
21 Saturday and/or Sunday, whose normal work schedule shall consist of five
22 (5) consecutive workdays, followed by two (2) days of rest, which shall be
23 treated as their Saturday and Sunday, in that order. The Company will
24 attempt to meet its nonregular workweek assignments on a voluntary basis
25 among the employees. In the event there are insufficient volunteers to meet
26 the requirement, the supervisor may designate and require the necessary
27 number of employees to work the nonregular workweek. Such designation
28 shall first affect the junior qualified employees in the classification. When
29 reducing the number of nonregular workweek assignments, senior
30 employees within each job will be given their preference to return to regular
31 workweek schedules. The purpose of nonregular workweek assignments is
32 to provide for those maintenance and service functions that are required on
33 a continuing seven (7)-day per-week basis. Such assignments will not be
34 utilized for the purpose of providing maintenance or service in support of
35 weekend production operations. It is mutually agreed that Maintenance
36 employees and employees in organizations providing seven-day customer
37 service may be assigned to a nonregular workweek.

38 **Section 5.2 Short Workweek.**

39 In the event the Company deems it advisable to work any number of the
40 employees on a short workweek, the Union and the affected employees will
41 be notified in advance which days are to be worked, and such days worked

1 shall be consecutive. An employee's options in regard to the use of vacation
2 credit in such situation are set forth in Section 8.4(i).

3 **Section 5.3 Shifts; Lunch Periods; Rest Periods.**

4 Each employee shall be assigned to a definite shift with designated times of
5 beginning and ending. The first and second shifts each shall be an eight (8)-
6 hour-and-thirty-minute period which shall include a thirty (30)-minute
7 unpaid lunch period. The third shift shall be a seven (7)-hour period which
8 shall include a thirty (30)-minute unpaid lunch period. The designated
9 times of beginning each shift during the scheduled workweek (the period
10 covered by Section 6.10(c)) shall be: first shift - between 5:00 A.M. and
11 8:30 A.M.; second shift - between 1:30 P.M. and 6:00 P.M.; third shift -
12 between 10:00 P.M. and 1:30 A.M. of the following day. Each employee
13 shall be given a ten (10)-minute rest period in each half of the shift to which
14 he/she is assigned, the time of starting each such rest period to be
15 designated by the Company. Each employee who is required to report for
16 work two (2) or more hours prior to the start of his/her regular shift shall
17 receive a ten (10)-minute rest period prior to the start of his/her regular
18 shift. Each employee who is scheduled to work two (2) or more hours of
19 overtime after his/her regular shift shall receive a ten (10)-minute rest
20 period prior to the start of the overtime. Changes of shift assignments shall
21 be made on the first day of a new workweek whenever practicable.

22 **Section 5.4 Shift Preference.**

23 In order to ensure operational efficiency, the Company shall have the
24 exclusive right to assign employees to any shift. Subject to the foregoing,
25 senior employees who have a shift preference on file shall be given
26 preference over junior employees who are assigned to the same job title and
27 shift, junior returning non-bargaining unit employees, new hires, recalls
28 from layoff, and promotional candidates for placement in openings in their
29 job title and organization. Shift preference rights are not applicable over
30 employees being downgraded, laterally reclassified on their current shift,
31 laterally transferred to the organization on their current shift or over senior
32 employees who are in their labor grade. Employees who have requested
33 downgrades will not be given preference over senior employees in their
34 organization who have shift preferences on file. Shift preferences must be
35 filed more than three (3) working days prior to an organization effecting a
36 shift change or declaring a job opening by submission of a dated open
37 requisition. If an employee does not file a shift preference, it shall be
38 assumed that he/she is on his/her preferred shift. Under no circumstances
39 will the provisions of this Section 5.4 be construed to enable an employee,
40 at his/her instance and request, to displace a less senior employee from
41 his/her job and shift.

42 **5.4(a)** As stated, shift preferences as defined will not apply in
43 instances where the exercise of such rights would affect the efficiency

1 of Company operations in any organization on any shift. When such
2 instances arise, it shall be the responsibility of organizational
3 management to prepare an exception request for transmittal to the
4 organization's designated executive or delegate. Exception requests
5 shall be discussed with the Union prior to submittal to the site senior
6 Human Resources representative or designee for final approval.

7 **5.4(a)(1)** When staffing a new shift, the Company maintains the
8 right to assign employees necessary to accomplish the work,
9 including the right to assign employees with key skills regardless
10 of their shift preference. The Company will attempt to complete
11 such staffing from volunteers, assignments from other shifts in
12 reverse seniority order, promotions, and new hires.

13 **5.4(a)(2)** When senior employees are displaced from their shift of
14 preference during a staffing exercise, the Union will be notified
15 and the displaced employee shall be given, in writing, a date of
16 return to the preferred shift he/she was on.

17 **5.4(b)** The Company will de-staff a shift in the following order: first,
18 by shift preference filings, and second, in reverse seniority order among
19 remaining employees. In cases where the shift is to be eliminated,
20 employees will be notified in advance and given the opportunity to file
21 a timely shift preference.

22 **5.4(c)** In the event an employee is holding a higher graded job
23 classification but is no longer assigned to work as a lead (as defined by
24 the Rules Governing the Application of Job Descriptions), he/she shall
25 have the same shift preference rights accorded to the employees in the
26 lower graded job classification of the work being performed.

27 **5.4(d)** In the event two (2) or more employees have the same seniority
28 date, the employee with the lowest BEMS ID will be provided the first
29 opportunity for shift preference movement.

30 **ARTICLE 6**
31 **RATES OF PAY**

32 **Section 6.1 Definitions.**

33 The meanings of certain terms used in this Article 6 and elsewhere in this
34 Agreement are stated below:

35 **6.1(a) Base Rate.** An employee's hourly rate of pay determined under
36 the applicable provisions of Sections 6.2 and 6.3, excluding all
37 allowances, differentials, adjustments, bonuses, awards, and premiums.

38 **6.1(b) Base Rate Ranges.** The minimum and maximum rates of pay
39 for each labor grade established under Section 6.2(a).

1 **Section 6.2 Base Rates.**

2 **6.2(a) Base Rate Ranges.** The following base rate ranges will be
3 effective September 5, 2008:
4

LABOR GRADE	MINIMUM	MAXIMUM
11	\$22.00	\$36.89
10	\$21.00	\$35.83
9	\$20.00	\$34.90
8	\$19.00	\$33.88
7	\$18.00	\$32.84
6	\$17.00	\$31.86
5	\$16.00	\$30.83
4	\$15.00	\$29.85
3	\$14.00	\$28.88
2	\$13.00	\$27.85
1	\$12.00	\$26.86

5 **6.2(b) Employees on the Active Payroll on September 3, 2008.**

6 Effective September 5, 2008, the base rates for employees who on
7 September 3, 2008, were on the active payroll shall be increased by
8 folding into the base rates the Cost of Living Adjustment being paid
9 September 4, 2008.

10 **6.2(c) New Hires.** All employees who enter the bargaining unit on or
11 after September 4, 2008, with a seniority date of September 4, 2008 or
12 later (and those employees whose seniority is reinstated under Section
13 14.4), will be paid a base rate within the base rate range established by
14 Section 6.2(a) for their labor grade.

15 **6.2(d) Recalls from Layoff and Downgrade.** Effective September 4,
16 2008, an employee who is recalled from layoff or downgrade through
17 the exercise of Category A rights, will have the following base rate:

18 **6.2(d)(1)** If the employee is recalled to the same labor grade from
19 which he/she was laid off and he/she was at the maximum rate at
20 the time of layoff, he/she will be paid at the maximum rate,
21 otherwise, he/she will be paid the base rate and the cost of living
22 adjustment in effect on the date of his/her layoff, provided that, if
23 cost of living adjustment has been added to base rates and made a
24 part thereof since the employee's layoff, the cost of living
25 adjustment in effect on the date of the employee's layoff shall be
26 similarly added to his/her base rate.

27 **6.2(d)(2)** If the employee is recalled to either a higher or lower
28 labor grade than the one from which he/she was laid off, his/her
29 base rate will be determined first by treating him/her as though

1 he/she had been recalled to the same labor grade under Section
2 6.2(d)(1) and then reclassified under Section 6.3(c).

3 **6.2(d)(3)** If the employee is recalled to the previously held labor
4 grade following downgrade, and the employee was not at the
5 maximum rate at the time of downgrade, then he/she will be paid
6 the same base rate held at the time of downgrade, provided that, if
7 a cost of living adjustment has been added to base rates and made a
8 part thereof since the employee's downgrade, the cost of living
9 adjustment in effect on the date of the employee's downgrade shall
10 be added to his /her base rate.

11 **6.2(d)(4)** If an employee is downgraded due to surplus and is
12 subsequently promoted to a higher labor grade than previously
13 held, he/she shall be paid at least the same base rate held at the
14 time of downgrade, plus any increase for promotion to which
15 he/she may be entitled under Section 6.3(a).

16 **6.2(e) Returns from Leaves of Absence.** An employee on approved
17 leave of absence who returns to the active payroll will have the
18 following base rate:

19 **6.2(e)(1)** If the leave of absence was granted due to industrial
20 injury or industrial illness, military service, or to accept a full-time
21 Union position, the employee's base rate will be equal to the base
22 rate he/she would have had if he/she had not been on a leave of
23 absence.

24 **6.2(e)(2)** If the leave of absence was granted for any other reason,
25 his/her base rate will be determined as though he/she had been
26 recalled from layoff under Section 6.2(d).

27 **Section 6.3 Base Rate Changes.**

28 **6.3(a) Seniority Progression Increases.** On the Friday immediately
29 preceding their six (6)-month anniversary of the date of hire or date of
30 the last seniority progression increase, employees below the rate range
31 maximum for their labor grade shall, subject to such maximum, receive
32 a seniority progression increase to their base rate of fifty (50) cents.
33 Employees shall automatically progress to the base rate range
34 maximum upon their twelfth (12th) seniority progression increase.
35 Employees on approved leave of absence will continue to accrue time
36 toward their next six (6)-month progression increase for the first ninety
37 (90) days of the leave. Employees recalled from layoff within one (1)
38 year will be credited with any time they had prior to their layoff toward
39 their next six (6)-month progression increase.

40 **6.3(b) General Wage Increases.** General wage increases will be
41 granted as follows:

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

6 **6.3(b)(2)** Effective September 4, 2009, all employees on the active
7 payroll on September 3, 2009, including those on approved leave
8 of absence for ninety (90) days or less, will have their base rates
9 increased first by application of Section 6.4(c) and then by
10 application of a three (3) percent general wage increase.

11 **6.3(b)(3)** Effective September 3, 2010, all employees on the active
12 payroll on September 2, 2010, including those on approved leave
13 of absence for ninety (90) days or less, will have their base rates
14 increased first by application of Section 6.4(c) and then by
15 application of a three (3) percent general wage increase.

16 **6.3(b)(4)** Effective September 2, 2011, all employees on the active
17 payroll on September 1, 2011, including those on approved leave
18 of absence for ninety (90) days or less, will have their base rates
19 increased first by application of Section 6.4(c) and then by
20 application of a four (4) percent general wage increase.

21 The base rate maximums set forth in Section 6.2(a) shall be similarly
22 increased on each date set forth above.

23 **6.3(c) Base Rates After Reclassifications.** Subject to the base rate
24 ranges provided for in Section 6.2(a), employees who are promoted
25 will have their base rate increased by fifty-six (56) cents for each labor
26 grade they are promoted or paid the same base rate last held by the
27 employee in the labor grade, whichever is greater. Employees who are
28 downgraded will have their base rate decreased by fifty-six (56) cents
29 for each labor grade they are downgraded.

30 **6.3(d) Rate Retention.** The base rate of an employee who, under
31 Article 22, accepts downgrade rather than electing layoff shall be, for
32 the ninety (90) calendar-day-period after the downgrade, a rate that is
33 not less than the rate he/she held immediately preceding the
34 downgrade. However, this provision shall not apply to any period of
35 employment within a bargaining unit covered by this Agreement after
36 termination, layoff, employee-requested downgrade or transfer to a unit
37 or group to which this Agreement does not apply within the ninety
38 (90)-day period with the following exception: if such an individual is
39 recalled from layoff to a job title to which he/she had been
40 downgraded, and the recall occurs less than ninety (90)-calendar-days
41 after such downgrade, he/she will receive rate retention prospectively
42 for the portion of the ninety (90)-calendar-day period that remained at

1 the time of layoff. If an employee receives a Temporary Promotion (as
2 provided in Section 22.1(q)) to the job title from which he/she was
3 most recently surplused and the employee is receiving rate retention
4 pay as a result of such downgrade, the 90-calendar-day period will be
5 extended one (1) day for each day of such Temporary Promotion.

6 **Section 6.4 Cost of Living Adjustment.**

7 **6.4(a)** Employees covered by this Agreement shall receive Cost of
8 Living Adjustments to the extent such adjustments become effective
9 under and in accordance with all of the terms, conditions and
10 limitations stated in this Section 6.4.

11 **6.4(b) Determination of Cost of Living Adjustments.**

12 **6.4(b)(1)** Determination of the potential Cost of Living
13 Adjustment shall be made in reference to the new series "All City
14 Average of the Consumer Price Index for Urban Wage Earners and
15 Clerical Workers" published by the Bureau of Labor Statistics,
16 U.S. Department of Labor, with the following base period: 1982-
17 84 = 100, such index being referred to herein as the BLS Index.

18 **6.4(b)(2)** During the life of this Agreement, subject to the proviso
19 stated below, a Cost of Living Adjustment shall be computed by
20 using (1) 214.8 (the three-month average of the BLS Index for
21 May, June and July, 2008) as the base and (2) the formula 1 cent =
22 .075 percent change in the appropriate three-month average of the
23 BLS Index, as shown in the table below:
24

Effective Date of Potential Adjustment	Based Upon the Average of the Three-Month BLS Consumer Price Indexes for
December 5, 2008	August, September, October 2008
March 6, 2009	November, December 2008, January 2009
June 5, 2009	February, March, April 2009
September 4, 2009	May, June, July 2009
December 4, 2009	August, September, October 2009
March 5, 2010	November, December 2009, January 2010
June 4, 2010	February, March, April 2010
September 3, 2010	May, June, July 2010
December 3, 2010	August, September, October 2010
March 4, 2011	November, December 2010, January 2011
June 3, 2011	February, March, April 2011
September 2, 2011	May, June, July 2011
December 2, 2011	August, September, October 2011
March 2, 2012	November, December 2011, January 2012
June 1, 2012	February, March, April 2012

1 **6.4(b)(3)** Any quarterly Cost of Living Adjustment shall be added
2 to or subtracted from any quarterly Cost of Living Adjustment
3 already paid during the life of this Agreement, subject to Section
4 6.4(c), provided, however, a Cost of Living Adjustment generated
5 in any particular quarter shall be payable only to those employees
6 who, on an Effective Date of Potential Adjustment, are on the
7 active payroll or on leave of absence for less than ninety (90) days.

8 **6.4(b)(4)** If the BLS Index is revised or discontinued, the parties
9 shall attempt to determine an appropriate Index figure by
10 agreement and, if agreement is not reached, the parties shall
11 request the Bureau of Labor Statistics to make available a BLS
12 Index in its present form for the appropriate date or dates and
13 calculated on a comparable basis.

14 **6.4(c)** Cost of Living Adjustments shall not be added to or subtracted
15 from any employee's base rate, except as herein provided.

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

19 On September 3, 2010, the Cost of Living Adjustment being paid to
20 employees on that date under Section 6.4 shall be added to the
21 employees' base rates and made a part thereof. On September 2, 2011,
22 the Cost of Living Adjustment being paid to employees on that date
23 under Section 6.4 shall be added to the employees' base rates and made
24 a part thereof.

25 Any Cost of Living Adjustment payable during the life of this
26 Agreement shall be added only to each employee's straight time hourly
27 earnings. The applicable Cost of Living Adjustment shall be included
28 in computing overtime payment, third-shift bonus, vacation and holiday
29 payment, sick leave payment and report time payment.

30 The base rate maximums set forth in Section 6.2(a) shall be increased
31 on each date set forth above.

32 **Section 6.5 Shift Differentials, Non-regular Workweek Premium,**
33 **Third Shift Bonus.**

34 **6.5(a)** An employee assigned to the second shift shall receive a shift
35 differential of seventy-five (75) cents per hour which shall be added to
36 his/her base rate and made a part thereof.

37 **6.5(b)** An employee assigned to the third shift shall receive a shift
38 differential of ten (10) cents per hour which shall be added to his/her
39 base rate and made a part thereof.

1 **6.5(c)** An employee assigned to work a non-regular workweek (other
2 than Monday through Friday) as provided in Section 5.1 of this
3 Agreement shall have seventy-five (75) cents per hour added to his/her
4 base rate and made a part thereof while so assigned.

5 **6.5(d)** An employee who works a third shift of six and one-half (6-1/2)
6 hours will receive a bonus equivalent to one and one-half (1-1/2) hours'
7 pay at his/her base rate. A prorated portion of that bonus will be paid
8 when the employee works less than six and one-half (6-1/2) hours on a
9 regular third shift.

10 **Section 6.6 Jury Duty, Witness Duty, Military Leave, Bereavement**
11 **Leave.**

12 **6.6(a)** An employee absent from work due to (1) required jury duty
13 (including grand jury duty), (2) to testify as a witness for the Company,
14 (3) to respond to a subpoena to appear as a witness in any legal
15 proceeding, (4) to appear at an arbitration resulting from the referral, by
16 a court, for a lawsuit that has been filed with the court (excluding
17 arbitration pursuant to a Collective Bargaining Agreement or other
18 contractual provisions) or (5) to respond to a subpoena to appear for a
19 deposition will be paid for such lost hours at his/her current straight
20 time rate, including any applicable Cost of Living Adjustment, up to a
21 maximum of eight (8) hours per day, for each regular work day of
22 required jury or witness duty. Employees will be excused from their
23 scheduled shift for each day they serve. If substantial time is remaining
24 in the work schedule after release from jury duty or witness service,
25 allowing for meal and travel time, employees should return to work.
26 Second and third shift employees summoned to jury or witness duty
27 will be temporarily assigned to first shift on a weekly basis during the
28 time required to serve. Fees received for jury or witness duty will not
29 be deducted from such pay. To be eligible for time off with pay, the
30 employee must furnish a copy of this summons or subpoena to
31 management, before the appearance, to indicate that the absence from
32 work as necessary to appear for a jury duty or to serve as a witness. In
33 addition, management may require verification of such appearance. An
34 employee is not entitled to pay under this Section 6.6(a) in
35 circumstances where the employee (1) is called as a witness against the
36 Company or its interests; or (2) is called as a witness on his/her own
37 behalf in an action in which he/she is a party; or (3) voluntarily seeks to
38 testify as a witness; or (4) is a witness in a case arising from or related
39 to his/her outside employment or outside business activities; or (5) is
40 subpoenaed as a witness while on leave of absence except when serving
41 as a Company witness.

42 **6.6(b)** An employee who is a member of a reserve component of the
43 Armed Forces, who is absent due to required active annual training

1 duty or temporary special services duty, shall be paid his/her normal
2 straight time earnings, including shift differential and Cost of Living
3 Adjustment where applicable, up to a maximum of ten (10) workdays
4 each calendar year. An employee who, because of schedule
5 adjustments by the reserve component, receives orders to report for two
6 (2) training periods in one (1) calendar year may receive time off with
7 pay in excess of the ten (10)-day annual maximum provided that the
8 total time off with pay does not exceed twenty (20) workdays in a two
9 (2) consecutive year period (either current and previous calendar years
10 or current and following calendar years) and the employee was a
11 member of the reserve component during both of the applicable
12 consecutive years. Employees with military orders to serve additional
13 days of duty will be excused on unpaid authorized leave of absence.
14 The amount due the employee under this Section 6.6(b) shall be
15 reduced by the amount received from the government body identified
16 with such training duty or services, for the period of such duty (up to
17 the maximum period mentioned above). Such items as subsistence,
18 uniform and travel allowance shall not be included in determining pay
19 received from state or federal government.

20 **6.6(c)** Up to three (3) days bereavement leave with pay will be granted
21 to an employee on the active payroll, including those on leave of
22 absence for not longer than ninety (90) calendar days, who, because of
23 death in his/her immediate family, takes time off from work during
24 his/her normal work schedule as such term is defined in Section 5.1 of
25 this Agreement. Such pay shall be for eight (8) hours at his/her straight
26 time base rate, including shift differential and Cost of Living
27 Adjustment where applicable for each such day off; however, such pay
28 will not be applicable if the employee receives pay for such days off
29 under any other provision of this Agreement. Bereavement leave must
30 be taken on consecutive workdays as selected by the employee within
31 thirty (30) calendar days following the death (or evidence of belated
32 notification of death). For the purposes of this Section 6.6(c) the
33 "immediate family" is defined as follows: spouse, same gender
34 domestic partner, mother, father, mother-in-law, father-in-law,
35 children, brother, sister, son-in-law, daughter-in-law, great-
36 grandparents, grandparents, grandchildren, stepmother, stepfather,
37 stepchildren, stepbrother, stepsister, half brother, half sister and
38 spouse's grandparents. In addition, an employee will be granted
39 bereavement leave for a stillborn child if the employee provides a
40 certificate of fetal death which has been certified by the attending
41 physician.

42 **Section 6.7 Garnishments.**

43 In cases of dismissal or suspension of an employee because of writs of
44 garnishment served upon the Company in litigation involving claims of

1 third parties against such employee, such a dismissal or suspension will be
2 treated as a dismissal or suspension under Section 19.3 and will be subject
3 to the grievance procedure and other provisions of Article 19.

4 **Section 6.8 Paydays.**

5 For employees working in Washington, Kansas, and other states where
6 mandatory direct deposit is permitted by law, paychecks will be delivered
7 via direct deposit on Thursday of every second week, covering all wages,
8 including overtime, earned through Thursday of the preceding week, except
9 when other circumstances intervening beyond the Company's control make
10 such practice impossible. For employees working in other states, paychecks
11 shall be delivered via direct deposit on or before Thursday of every second
12 week, or placed in the U.S. mail on or before Tuesday of every second
13 week, covering wages, including overtime, earned through Thursday of the
14 preceding week, except when holidays or circumstances intervening beyond
15 the Company's control make such practice impossible.

16 **Section 6.9 Report Time.**

17 If an employee reports for work in accordance with instructions, he/she
18 shall receive a minimum of eight (8) hours pay at his/her straight time base
19 rate, including shift differential and Cost of Living Adjustment where
20 applicable. Report time will not apply in case of emergency shutdowns
21 arising out of any condition beyond the Company's control. An employee
22 who leaves work of his/her own volition, or because of incapacity (other
23 than industrial injury or illness), or is discharged or suspended after
24 beginning work, will be paid only for the number of hours actually worked
25 during that day. An employee who leaves work because of incapacity due
26 to industrial injury or illness will be paid eight (8) hours pay at his/her
27 straight time base rate, including shift differential and Cost of Living
28 Adjustment where applicable.

29 **Section 6.10 Overtime.**

30 **6.10(a)** The Company will first attempt to meet its overtime
31 requirements on a voluntary basis from among employees who
32 normally perform the particular work activity on a straight time basis;
33 however, in cases of selective overtime new hires or rehires may be
34 excluded for the first fifteen (15) calendar days of their employment.
35 In the event there are insufficient volunteers to meet the requirement,
36 the supervisor may designate and require the necessary number of
37 employees to work the overtime.

38 **6.10(b) Overtime Scheduling Procedures for Extended Workday
39 or Workweek.**

40 (1) The normal practice for the advance scheduling of overtime
41 within the shop and shift will be to:

- 1 (a) First, ask the employee regularly assigned to either the
2 machine, job, crew or position providing the employee is
3 in attendance when the overtime is being assigned,
4 provided, however, that the Company may designate that
5 employee to work the overtime before proceeding to
6 Subparagraph 6.10(b)(1)(b).
- 7 (b) Then, ask other qualified employees in the same job
8 classification who are in attendance when the overtime is
9 being assigned.
- 10 (c) If sufficient volunteers are not obtained, the Company
11 may designate any employee to satisfy remaining
12 requirements.
- 13 (2) Management may exclude an employee from overtime, even if
14 the employee is in attendance when the overtime is being
15 assigned, if:
- 16 (a) The employee has been absent during the week, except
17 for sick leave, jury duty, witness service, bereavement
18 leave, military leave, authorized Union business,
19 previously scheduled vacation or absence due to industrial
20 injury or illness.
- 21 (b) An employee is asked to work overtime (Saturday and/or
22 Sunday) and is subsequently absent due to illness or
23 bereavement leave on the workday preceding the
24 overtime day.
- 25 (c) Two (2) consecutive weekends have been worked by the
26 employee.
- 27 (d) One hundred twenty-eight (128) overtime hours have
28 been worked in the budget quarter.
- 29 (e) Eight (8) overtime hours have been worked on the
30 Saturday or the Sunday.
- 31 (f) An employee's schedule performance or work quality is
32 currently documented as being deficient.
- 33 (3) If the whole shift of a shop/functional area/crew or position is
34 scheduled to work a six (6) or seven (7)-day week, all
35 employees in the shop/functional area/crew or position will be
36 required to report for weekend work, regardless of whether or
37 not they were absent during the week, except when an
38 employee has previously scheduled the use of vacation,
39 bereavement leave or military leave on Friday preceding the

1 weekend, or unless Sections (2)(c), (2)(d) or (2)(e) of this
2 Section 6.10(b) apply.

3 **6.10(c)** The following subparagraphs of this Section 6.10(c) shall
4 apply to continuous work periods (continuous except for lunch and rest
5 periods) that begin at or after 10:00 P.M. Sunday (or the day treated as
6 the employee's Sunday under Section 5.1) and prior to 6:01 P.M. Friday
7 (or the day prior to the day treated as the employee's Saturday under
8 Section 5.1):

9 **6.10(c)(1)** Time worked within an assigned shift period shall be
10 compensated at straight time rates.

11 **6.10(c)(2)** For time worked outside of his/her assigned shift, by an
12 employee on first or second shift, an employee shall be paid one
13 and one-half times his/her base rate for the first two (2) hours and
14 double his/her base rate thereafter.

15 **6.10(c)(3)** For time worked outside of his/her assigned shift, by an
16 employee on third shift, an employee shall be paid one and one-
17 half times his/her base rate for the first one and one-half hours and
18 double his/her base rate thereafter.

19 **6.10(d)** The following subparagraphs of this Section 6.10(d) shall
20 apply to continuous work periods (continuous except for lunch and rest
21 periods) that begin at or after 6:01 P.M. Friday (or the day prior to the
22 day treated as the employee's Saturday under Section 5.1) and prior to
23 10:00 P.M. Sunday (or the day treated as the employee's Sunday under
24 Section 5.1):

25 **6.10(d)(1)** In any continuous period of work (continuous except
26 for lunch periods and rest periods) the work will be deemed to
27 have been performed on the shift and day shown below:
28

If Work Period Starts	Shift	Day
6:01 P.M. Friday through 1:30 A.M. Saturday	3 rd	Saturday
1:31 A.M. Saturday through 10:00 A.M. Saturday	1 st	Saturday
10:01 A.M. Saturday through 6:00 P.M. Saturday	2 nd	Saturday
6:01 P.M. Saturday through 1:30 A.M. Sunday	3 rd	Sunday
1:31 A.M. Sunday through 10:00 A.M. Sunday	1 st	Sunday

If Work Period Starts	Shift	Day
10:01 A.M. Sunday through 9:59 P.M. Sunday	2 nd	Sunday

1 **6.10(d)(2)** For the first eight (8) hours of work by an employee on
2 the first day of his/her two (2) consecutive days of rest, who is
3 assigned on that day to work the first or second shift, such
4 employee shall be paid one and one-half times his/her base rate for
5 that shift and double such base rate thereafter.

6 **6.10(d)(3)** For the first six and one-half (6-1/2) hours of work by
7 an employee on the first day of his/her two (2) consecutive days of
8 rest, who is assigned on that day to work the third shift, such
9 employee shall be paid one and one-half times his/her base rate for
10 that shift and double such base rate thereafter.

11 **6.10(d)(4)** Any time worked on the second day of an employee's
12 two (2) consecutive days of rest shall be paid for at double his/her
13 base rate for such shift and such double time shall remain in effect
14 for all hours continuously worked.

15 **6.10(e)** In lieu of the provisions of Sections 6.10(c) and 6.10(d),
16 overtime worked in any of the following circumstances shall be paid at
17 double the employee's base rate:

- 18 (1) more than one hundred sixty (160) overtime hours in the
19 budget quarter; or
- 20 (2) on a weekend immediately following three (3) consecutive
21 weekends worked by the employee.

22 **Section 6.11 Wage Payment Basis.**

23 Employees shall be paid for time worked computed to the nearest one-tenth
24 hour. Overtime will be paid in the next regularly scheduled paycheck.

25 **Section 6.12 New Assignments.**

26 When employees are assigned to work in a higher or lower labor grade the
27 new pay rate shall be effective in the employee's paycheck not later than the
28 third payday subsequent to the date on which the new assignment is made.

29 **ARTICLE 7**
30 **HOLIDAYS**

31 **Section 7.1 Dates on Which Observed.**

32 The following holidays shall be observed by the Company for the purposes
33 set forth in this Article 7:

2008 Holidays	Day	Date of Observance
Thanksgiving Day	Thursday	November 27, 2008
Friday following Thanksgiving	Friday	November 28, 2008
Winter Break	Wednesday	December 24, 2008
Winter Break	Thursday	December 25, 2008
Winter Break	Friday	December 26, 2008
Winter Break	Monday	December 29, 2008
Winter Break	Tuesday	December 30, 2008
Winter Break	Wednesday	December 31, 2008
2009 Holidays	Day	Date of Observance
Winter Break	Thursday	January 1, 2009
Memorial Day	Monday	May 25, 2009
Independence Day	Friday	July 3, 2009
Labor Day	Monday	September 7, 2009
Thanksgiving Day	Thursday	November 26, 2009
Friday following Thanksgiving	Friday	November 27, 2009
Winter Break	Thursday	December 24, 2009
Winter Break	Friday	December 25, 2009
Winter Break	Monday	December 28, 2009
Winter Break	Tuesday	December 29, 2009
Winter Break	Wednesday	December 30, 2009
Winter Break	Thursday	December 31, 2009
2010 Holidays	Day	Date of Observance
Winter Break	Friday	January 1, 2010
Memorial Day	Monday	May 31, 2010
Independence Day	Monday	July 5, 2010
Labor Day	Monday	September 6, 2010
Thanksgiving Day	Thursday	November 25, 2010
Friday following Thanksgiving	Friday	November 26, 2010
Winter Break	Friday	December 24, 2010
Winter Break	Monday	December 27, 2010
Winter Break	Tuesday	December 28, 2010
Winter Break	Wednesday	December 29, 2010

2010 Holidays	Day	Date of Observance
Winter Break	Thursday	December 30, 2010
Winter Break	Friday	December 31, 2010
2011 Holidays	Day	Date of Observance
Winter Break	Monday	January 3, 2011
Memorial Day	Monday	May 30, 2011
Independence Day	Monday	July 4, 2011
Labor Day	Monday	September 5, 2011
Thanksgiving Day	Thursday	November 24, 2011
Friday following Thanksgiving	Friday	November 25, 2011
Winter Break	Friday	December 23, 2011
Winter Break	Monday	December 26, 2011
Winter Break	Tuesday	December 27, 2011
Winter Break	Wednesday	December 28, 2011
Winter Break	Thursday	December 29, 2011
Winter Break	Friday	December 30, 2011
2012 Holidays	Day	Date of Observance
Winter Break	Monday	January 2, 2012
Memorial Day	Monday	May 28, 2012
Independence Day	Wednesday	July 4, 2012
Labor Day	Monday	September 3, 2012

1 **Section 7.2 Unworked Holidays.**

2 Employees shall receive eight (8) hours pay for unworked holidays (those
3 holidays designated above), at their base rate in effect at the time the
4 holiday occurs, plus applicable shift differential and Cost of Living
5 Adjustment, if, on the holiday, they are on the active payroll, including
6 those on approved leave of absence for not longer than ninety (90) calendar
7 days. Employees not on leave of absence who take leave without pay
8 (LWOP) at the time the holiday occurs shall be eligible for holiday pay.

9 **Section 7.3 Worked Holidays.**

10 Employees who are required to work on the above-named holidays shall
11 receive the pay due them for the holiday, plus double their base rate for all
12 hours worked on such holiday, plus shift differential and Cost of Living
13 Adjustment, if applicable, unless the employee starts to work at 10:00 P.M.,
14 or thereafter on that day.

1 **Section 7.4 Holidays During Vacation.**
2 Should a holiday occur while an employee is on vacation, the employee
3 shall be allowed to take one (1) extra day of vacation with pay in lieu of the
4 holiday as such.

5 **Section 7.5 Employees on Non-regular Workweek.**
6 For those employees who regularly work on Saturday and/or Sunday,
7 receiving two (2) consecutive days off during the week, the two (2) days off
8 shall be treated as "Saturday" and "Sunday," in that order, for the purposes
9 of this Article 7. Should any of the holidays observed by the Company
10 occur on such a "Sunday," the following day shall be considered as a
11 holiday for such employees. Should any of the holidays observed by the
12 Company occur on such a "Saturday," the preceding day shall be considered
13 as a holiday for such employees.

14 **Section 7.6 Employees Prevented from Working Because of Local**
15 **Holidays.**
16 Employees assigned to a non-Boeing facility where (due to the fact that a
17 holiday not listed in Article 7 but recognized at that facility) they are
18 prevented from working their assigned shift, they nonetheless shall be paid
19 for such assigned shift.

20 **Section 7.7 Employees on Third Shift.**
21 Those employees who are assigned to work on third shift shall observe
22 holidays in accordance with Sections 7.1 through 7.6 except when
23 Independence Day falls on a Monday, Tuesday, Wednesday or a Thursday.
24 When this occurs, they shall observe the Independence Day holiday on the
25 fifth of July.

26 **ARTICLE 8**
27 **VACATION, SICK LEAVE, FINANCIAL SECURITY PLAN**

28 **Section 8.1 General Description of Credit.**
29 Upon reaching his/her first eligibility date with the Company and during
30 each succeeding year, an employee subject to this Agreement shall be
31 credited with a certain number of hours of credit for the purposes of this
32 Article 8, based upon hours worked, during his/her first year of service and
33 each succeeding year, such credit to be earned and used as designated in this
34 Article 8.

35 **Section 8.2 Computation of Credit.**
36 The credit to which an employee shall be entitled on his/her first eligibility
37 date, and at any time thereafter, shall be computed in accordance with the
38 following rules:

1 **8.2(a)** An employee with less than five (5) years of seniority will earn
2 one (1) hour credit for each seventeen (17) hours worked.

3 **8.2(b)** An employee with five (5) or more but less than ten (10) years
4 of seniority will earn one (1) hour credit for each sixteen (16) hours
5 worked.

6 **8.2(c)** An employee with ten (10) or more but less than fifteen (15)
7 years of seniority will earn one (1) hour credit for each thirteen (13)
8 hours worked.

9 **8.2(d)** An employee with fifteen (15) or more but less than twenty (20)
10 years of seniority will earn one (1) hour credit for each twelve (12)
11 hours worked.

12 **8.2(e)** An employee with twenty (20) or more but less than twenty-five
13 (25) years of seniority will earn one (1) hour credit for each eleven (11)
14 hours worked.

15 **8.2(f)** An employee with twenty-five (25) or more years of seniority
16 will earn one (1) hour credit for each ten (10) hours worked.

17 **8.2(g)** Seniority shall be the seniority as defined in Article 14.

18 **8.2(h)** Each hour worked on third shift shall be increased, at the ratio
19 of eight (8) to six and one (6-1/2)-half for the purpose of computing
20 credit.

21 **8.2(i)** Total credit for any period of service will be computed to the
22 nearest tenth of an hour.

23 **8.2(j)** All hours for which an employee is paid will be counted as hours
24 worked in the computation of credit and hours worked at premium rates
25 shall be counted as straight time hours in such computation.

26 **Section 8.3 Eligibility to Use Credit.**

27 Eligibility for use of credit shall be determined as follows:

28 **8.3(a)** An employee becomes eligible to use his/her credit as provided
29 in Section 8.4 after reaching his/her first eligibility date, except as
30 provided in Subparagraph 8.4(c)(2).

31 **8.3(b)** The eligibility date of an employee newly hired or hired after
32 termination of employment shall occur on the anniversary date of such
33 hire.

34 **8.3(c)** An employee who had established an eligibility date prior to the
35 effective date of this Agreement will retain such eligibility date so long
36 as he/she remains in the continuous service of the Company.

1 **8.3(d)** Time on layoff and time on authorized leave of absence will be
2 considered as continuous service for the purpose of establishing and
3 retaining eligibility dates.

4 **Section 8.4 Use of Credit.**

5 Credit earned by any employee is to be used as follows:

6 **8.4(a) Allocation of Portion of Credit to Sick Leave Credit and to**
7 **Vacation Credit.** The first forty (40) hours credited on an employee's
8 first eligibility date and thereafter as earned during each succeeding
9 year of service shall be allocated to the employee's Sick Leave Credit.
10 The number of such hours that at any time are earned and unused shall
11 be referred to as the employee's Sick Leave Credit.

12 All hours credited on an employee's first eligibility date and as earned
13 during each succeeding year of service, in excess of the number of
14 hours to be allocated to the employee's Sick Leave Credit as aforesaid,
15 shall be referred to as the employee's Vacation Credit.

16 **8.4(b) Use of Vacation Credit as Vacation With Pay or Sick Leave.**

17 Between eligibility dates, an employee shall use his/her unused
18 Vacation Credit accumulated in the twelve (12)-month period
19 preceding his/her last eligibility date as vacation with pay at the rate in
20 effect for each day of the vacation period, including shift differential, if
21 applicable, subject to the following conditions:

22 **8.4(b)(1)** He/she shall request vacation dates on forms provided
23 by the Company and the Company will endeavor to schedule
24 his/her vacation as requested. Generally, Vacation Credit will be
25 used in units of eight (8) hours; however, Credit may be used in
26 lesser amounts to cover partial days of absence, subject to advance
27 approval by the employee's supervisor.

28 **8.4(b)(2)** In instances where Company management believes the
29 awarding of vacations as requested would interfere seriously with
30 production requirements, the scheduling of vacations shall be as
31 near to the dates requested as possible.

32 **8.4(b)(3)** In scheduling vacations, the Company will attempt to
33 meet its production requirements by use of employees on a
34 voluntary basis and, failing in this, the seniors will be given their
35 preference of available vacation dates when request is made thirty
36 (30) or more days prior to the vacation dates requested to the
37 extent established vacation schedules will permit.

38 **8.4(b)(4)** In the event an employee is temporarily laid off as
39 provided in Section 22.8 or is on approved leave of absence, he/she
40 may elect to take his/her vacation with pay, to the extent of his/her
41 eligibility, during such layoff or leave.

1 **8.4(b)(5)** If an employee's Sick Leave Credit is exhausted,
2 management shall allow an employee to use vacation credit to care
3 for a child, spouse, parent, parent-in-law, or grandparent as may be
4 required by law, even if an employee is under a Corrective Action
5 Memo for attendance. In other cases, management may approve
6 on a case-by-case basis an employee's request to use Vacation
7 Credit as sick leave for legitimate reasons for absence under the
8 same conditions as set forth in Subparagraph 8.4(c)(1). Such
9 approval will not be unreasonably denied; however, requests will
10 not normally be approved if the employee is then under a
11 Corrective Action Memo for attendance.

12 **8.4(c) Use of Sick Leave Credit as Sick Leave.** Sick Leave Credit
13 may be used as follows:

14 **8.4(c)(1) General.** Between eligibility dates, an employee,
15 including an employee on a leave of absence, may, at his/her
16 option, use any part or all of his/her Sick Leave Credit as sick
17 leave providing: (A) the employee is partially or wholly
18 incapacitated by actual illness or injury on the days taken as sick
19 leave, (B) an illness in the employee's immediate family requires
20 the employee's presence or (C) the employee has a medical or
21 dental appointment which can be scheduled only during working
22 hours. The employee shall be paid for absence charged to sick
23 leave and shall not be penalized for such absence providing the
24 nature of the absence and anticipated length of absence is reported
25 to his/her organization on the first day of such absence, or as soon
26 thereafter as reasonably possible. As to possible rights after
27 exhaustion of Sick Leave Credit, see Subparagraph 8.4(b)(5) and
28 Section 8.5(a).

29 **8.4(c)(2) Prior to First Eligibility Date.** Prior to his/her first
30 eligibility date an employee may use in accordance with
31 Subparagraph 8.4(c)(1) accumulated Sick Leave Credits
32 anticipated to be allocated on his/her first eligibility date. Use of
33 such credits will be considered to be an advance from the
34 employees' Sick Leave Credits due on his/her first eligibility date
35 and will reduce such allocation accordingly. Should the employee
36 terminate for any reason other than layoff prior to completion of
37 his/her first year of service, sick leave payment made to the
38 employee may be deducted from the employee's final paycheck
39 and any remaining amounts will be due the Company.

40 **8.4(d) Unused Vacation Credit.** It is the intent of the parties that
41 employees shall be required to use Vacation Credit as vacation.
42 However, where an employee does not use all or part of such Vacation
43 Credit as vacation with pay during the year between vacation eligibility

1 dates, the employee shall receive pay in lieu of any remaining unused
 2 Vacation Credit after reaching his/her next eligibility date. An
 3 exception to the foregoing will be to allow employees to elect carryover
 4 of vacation credits in order to meet extended vacation needs, provided
 5 the employee makes such election in writing at least ten (10) working
 6 days before the employee's next eligibility date. Once an employee
 7 elects this exception to carryover vacation, that election will remain in
 8 effect unless otherwise requested. Vacation credits so carried over
 9 must be used during the next eligibility year and pay in lieu of vacation
 10 credits carried over will not be allowed until the end of the eligibility
 11 year following the eligibility year in which the carryover election is
 12 made. All payments in lieu of vacations shall be made at the
 13 employee's rate in effect on the employee's current vacation eligibility
 14 date, including shift differential where applicable.

15 **8.4(e) Unused Sick Leave Credit.** An employee who, on any
 16 eligibility date, has more than forty (40) unused hours in his/her Sick
 17 Leave Credit, less the number of leave without pay hours taken during
 18 the eligibility year, will receive pay-in-lieu of those hours over forty
 19 (40) in accordance with the following table:
 20

Hours of Unused Sick Leave Credit in Excess of 40	
(Less Leave Without Pay Hours)	Percentage Payment
40 hours	160%
36 to 40 hours	150%
32 to 36 hours	140%
28 to 32 hours	130%
24 to 28 hours	120%
20 to 24 hours	110%
less than 20	100%

21 Such payments shall be made at the employee's rate in effect on that
 22 eligibility date, including shift differential where applicable.
 23 Notwithstanding the above, there will be no deduction for leave without
 24 pay hours taken for the following reasons: departure from work for
 25 Union business pursuant to Section 4.9; temporary layoff pursuant to
 26 Section 22.8; time loss as a result of industrial injury or illness;
 27 authorized military leave of absence pursuant to Section 6.6(b), or
 28 emergency plant closure.

29 **8.4(f) Effect of Termination.** Upon termination of an employee's
 30 employment for any reason on or after any eligibility date, such
 31 employee shall receive pay in lieu of his/her hours of Vacation Credit
 32 and Sick Leave Credit earned and unused up to and including the
 33 effective date of his/her termination of employment. For the purposes

1 of this Section 8.4(f) only, an employee shall be deemed to have
2 terminated on or after his/her first eligibility date if he/she worked on
3 his/her last scheduled workday prior to that eligibility date. Such pay
4 shall be in addition to such benefits as may be payable to the employee
5 under the Financial Security Plan.

6 **8.4(g) Effect of Military Service on Credit.** Any employee who
7 leaves to enter military service shall receive pay in lieu of his/her hours
8 of Vacation Credit and Sick Leave Credit earned and unused up to the
9 effective date of termination irrespective of whether he/she has been
10 employed until his/her eligibility date. Such payment will be made
11 when the employee furnishes proof, satisfactory to the Company, of
12 his/her entry into military service within sixty (60) days after
13 termination and without intervening employment elsewhere. Such pay
14 shall be in addition to such benefits as may be payable to the employee
15 under the Financial Security Plan.

16 **8.4(h) Effect of Layoff on Credit.** Any employee who is laid off (on
17 other than a temporary layoff of fourteen (14) calendar days or less)
18 shall receive pay in lieu of all of his/her hours of Vacation Credit and
19 Sick Leave Credit earned and unused up to the effective date of layoff
20 irrespective of whether he/she has been employed until his/her
21 eligibility date. Such pay shall be in addition to such benefits as may
22 be payable to the employee under the Financial Security Plan.
23 Employees temporarily laid off shall not receive pay in lieu of unused
24 Credit.

25 **8.4(i) Use of Credit in Lieu of Working Short Workweek.** In the
26 event the Company deems it advisable to work an employee on a short
27 workweek as provided in Article 5, Section 5.2, the employee may:

28 **8.4(i)(1)** elect against working the short workweek in which case
29 he/she may apply for and use his/her unused Credit accumulated in
30 the twelve (12)-month period preceding his/her last eligibility date
31 (to the extent that it is not allocated or required to be allocated to
32 his/her Sick Leave Credit) as time off with pay at the rate in effect
33 on the day(s) such credit is used, including shift differential if
34 applicable, or

35 **8.4(i)(2)** elect to work the short workweek and apply for and use
36 such unused Credit as time off with pay for the regular workdays
37 that are not worked in the short workweek, or

38 **8.4(i)(3)** elect layoff, in which case the provisions of Section
39 8.4(h) above shall apply.

40 **Section 8.5 Financial Security Plan.**

41 **8.5(a) Use of Accrued Financial Security Plan Benefits.** The
42 Financial Security Plan is not applicable to employees within the units

1 to which this Agreement relates. However, after October 4, 1983, an
2 employee who has transferred into a unit defined in Article 1 who has
3 an accrued benefit under the Financial Security Plan shall retain such
4 accrued benefit under the Plan subject to the current withdrawal and
5 termination provisions of the Plan applicable to the employee's unit
6 before transfer.

7 **8.5(b) Deferral of Benefit Payment.** A Member may defer payment
8 of benefits upon termination of Service regardless of the amount of the
9 Member's account balance.

10 **8.5(c) Annuity Form of Benefit Payment.** A Member to whom a
11 benefit is payable on account of retirement under a retirement plan
12 sponsored by the Company may, prior to the Member's retirement date
13 under such retirement plan, elect to receive all or any designated
14 portion of this Plan benefit in an alternate annuity form regardless of
15 the amount of the Member's account balance.

16 **ARTICLE 9**
17 **VOLUNTARY INVESTMENT PLAN**

18 **Section 9.1 Continuation of Plan.**

19 Subject to the approval of the Commissioner of Internal Revenue and of
20 other cognizant governmental authorities, as more particularly hereinafter
21 specified, a Voluntary Investment Plan (hereinafter called the Plan) in the
22 form now in effect as to the employees within the units to which this
23 Agreement relates shall continue to be effective while this Agreement is in
24 effect as to such employees in accordance with and subject to the terms,
25 conditions, and limitations of the Plan.

26 **Section 9.2 Approval of Plan.**

27 Approval of the Plan by the Commissioner of Internal Revenue as referred
28 to in Section 9.1 means a continuing approval sufficient to establish that the
29 Plan and related trust or trusts are at all times qualified and exempt from
30 income tax under Section 401(a), Section 401(k) and other applicable
31 provisions of the Internal Revenue Code of 1986 and that contributions
32 made by the Company under the Plan are deductible for income tax
33 purposes in accordance with law. The cognizant governmental authorities
34 referred to in Section 9.1 include, without limitation, the Department of
35 Labor and the Securities and Exchange Commission, and their approval
36 means their confirmation with respect to any matter within their regulatory
37 authority that the Plan does not conflict with applicable law.

38 **Section 9.3 Continuation Beyond Agreement.**

39 The Company shall not be precluded from continuing the Plan in effect as
40 to employees within the units to which this Agreement relates, after
41 expiration or termination of this Agreement, subject to the terms,
42 conditions, and limitations of the Plan.

1 **Section 9.4 Plan Updates.**

2 The parties agree the innovations in technology and administrative practices
3 can give savings plan participants better access to information about their
4 benefits, increased investment options, timely on-line transactions
5 capability and enhanced administrative features. Accordingly, when the
6 Company identifies administrative services that in its estimation reflect
7 industry best practices, the Employee Benefit Plans Committee has
8 discretion to adopt these changes to the Savings Plan. The Company will
9 notify the Union in advance of implementation of any changes adopted by
10 the Employee Benefit Plans Committee.

11 **Section 9.5 Company Matching Contributions and Employee Elective**
12 **Contributions**

13 The Company matching contribution shall be equal to fifty (50) percent of
14 the first eight (8) percent of the employee's contribution. Employees may
15 elect to defer from one to twenty-five (25) percent of their base pay to the
16 Plan on a pretax basis, an after tax basis, or a combination of both, not to
17 exceed twenty-five (25) percent of base pay.

18 **Section 9.6 Changes to the Current Plan.**

19 Subject to action by the Company's Board of Directors (or its delegate, the
20 Employee Benefit Plans Committee) and to the approvals specified in
21 Section 9.2, all provisions of the Plan are to remain unchanged, with the
22 exception of the following amendments, effective January 1, 2009:

23 **9.6(a)** Employees may contribute up to twenty-five (25) percent on a
24 pre-tax basis, an after tax basis, or a combination of both, in one (1)
25 percent increments.

26 **Section 9.7 Required Plan Amendments.**

27 The Company, through the Board of Directors (or its delegate, the
28 Employee Benefit Plans Committee) reserves the right to amend the Plan to
29 satisfy all requirements of laws applicable to the Savings Plan, including
30 but not limited to Section 401(a), Section 401(k) or any other applicable
31 provision of the Internal Revenue Code of 1986, as amended, or to satisfy
32 fiduciary duties under the Employee Retirement Income Security Act of
33 1974, as determined by the Company, or to satisfy federal or state securities
34 laws.

35 **Section 9.8 Participant Elective Contributions Not Applicable for**
36 **Other Purposes.**

37 It is acknowledged that the election of a member to convert a portion of his
38 or her base pay under the terms of the Plan will be effective for purposes of
39 this Plan and will reduce the member's compensation insofar as certain
40 payroll taxes may be applicable. However, for all other employment related
41 purposes, including all of the member's rights and privileges under this

1 labor agreement, his or her base pay or compensation will be considered as
2 though no election had been made.

3 **ARTICLE 10**
4 **RETIREMENT PLAN**

5 **Section 10.1 Continuation of Plan.**

6 Subject to the approval of the Commissioner of Internal Revenue and of
7 other cognizant governmental authorities, as more particularly hereinafter
8 specified, and to the provisions of Section 10.6, a retirement plan
9 (hereinafter called the Plan) in the form now in effect as to the employees
10 within the units to which this Agreement relates shall continue to be
11 effective while this Agreement is in effect as to such employees in
12 accordance with and subject to the terms, conditions, and limitations of the
13 Plan.

14 **Section 10.2 Approval of Plan.**

15 Approval of the Plan by the Commissioner of Internal Revenue as referred
16 to in Section 10.1 means a continuing approval sufficient to establish that
17 the Plan and related trust or trusts are at all times qualified and exempt from
18 income tax under Section 401(a) and other applicable provisions of the
19 Internal Revenue Code of 1986, and that contributions made by the
20 Company under the Plan are deductible for income tax purposes in
21 accordance with law. The cognizant governmental authorities referred to in
22 Section 10.1 include, without limitation, the Department of Labor, the
23 Pension Benefit Guaranty Corporation and the Securities and Exchange
24 Commission, and their approval means their confirmation with respect to
25 any matter within their regulatory authority that the Plan does not conflict
26 with applicable law.

27 **Section 10.3 Continuation Beyond Agreement.**

28 The Company shall not be precluded from continuing the Plan in effect as
29 to employees within the units to which this Agreement relates, after
30 expiration or termination of this Agreement, subject to the terms,
31 conditions, and limitations of the Plan.

32 **Section 10.4 Grievances as to the Plan.**

33 Only questions concerning the amount of Credited Service under the Plan
34 that an employee has accumulated by reason of employment after the
35 effective date of the Plan shall be subject to the grievance procedure of
36 Article 19 of this Agreement.

37 **Section 10.5 Benefits**

38 The Plan uses two formulas to determine a retired employee's pension
39 benefit, the standard and alternate benefit formulas as described in the Plan.
40 The retired employee will receive benefits under the formula that produces
41 the larger monthly benefit.

1 **Section 10.6 Changes to the Current Plan.**

2 Subject to action by the Company's Board of Directors, or its delegates, and
3 to the approvals specified in Section 10.2, except as the parties may
4 otherwise agree pursuant to any Letter of Understanding, all provisions of
5 The Boeing Company Employee Retirement Plan are to remain unchanged
6 with the exception of the following amendments. Changes agreed to in the
7 Collective Bargaining Agreement of September 29, 2005, are incorporated
8 into the Plan.

9 **10.6(a) Basic Benefit.** Effective January 1, 2009, the Basic Benefit
10 will be increased to \$81.00 per month for all years of credited service
11 for employees on the active payroll of the Company, or those on an
12 authorized period of absence on or after January 1, 2009 (including
13 those who retire from the employ of the Company on January 1, 2009).
14 Effective January 1, 2012, the Basic Benefit will be increased to \$83.00
15 per month for all years of credited service for employees on the active
16 payroll of the Company, or those on an authorized period of absence on
17 or after January 1, 2012 (including those who retire from the employ of
18 the Company on January 1, 2012).

19 **10.6(b) Effective Date of Amendments.** The amendment set forth in
20 Section 10.6(a) will take effect January 1, 2009, and will apply to Plan
21 Participants on the active payroll, layoff, or leave of absence from the
22 Company on or after January 1, 2009, including employees who retire
23 effective January 1, 2009.

24 **Section 10.7 Administration of the Retirement Plan.**

25 The Company shall have the right to unilaterally make any changes in
26 actuarial assumptions and funding methods, provided such changes are
27 determined by the Plan's enrolled actuary to be reasonable in the aggregate.
28 The Company shall be entitled to unilaterally adopt such amendments to the
29 Plan as may be required in order to obtain any approval referred to in
30 Section 10.1 and described in Section 10.2 of the Agreement.

31 **Section 10.8 Retirement Benefits for Employees in the Portland Unit.**

32 The Company will continue to pay twenty-five cents (25¢) into Western
33 Metal Industry Pension Fund for each compensable hour worked by each
34 employee in the Portland Unit. In addition, effective January 1, 1981, such
35 employees will also become participants under The Boeing Company
36 Employee Retirement Plan as follows:

37 **10.8(a) Employees to Whom the Boeing Plan Applies.** Each
38 employee who was employed by the Company on June 29, 1974, and
39 remains in the employ of the Company on and after January 1, 1981,
40 shall become a Plan participant as of June 29, 1974. Each other
41 employee who was employed by the Company after June 29, 1974, and
42 remains in the employ of the Company on and after January 1, 1981,

1 shall become a Plan participant upon completion of one (1) year of
2 eligibility service following such date of employment with the
3 Company. All other employees who are employed by the Company on
4 or after January 1, 1981, shall become participants in the Plan upon
5 completion of one (1) year of eligibility service, or upon becoming an
6 eligible employee, if later.

7 **10.8(b) Credited Service.** Plan participants will accrue Credited
8 Service commencing on the date they became Plan participants in
9 accordance with Section 10.8(a).

10 **10.8(c) Eligibility for Retirement Income.** Eligibility for retirement
11 income will be based on the provisions of the Plan.

12 **10.8(d) Amount of Retirement Income.** The retirement amount of a
13 participant at any time shall be the benefit payable under the provisions
14 of The Boeing Company Employee Retirement Plan reduced by any
15 accrued benefit payable from the Western Metal Industry Pension Fund
16 on account of service with The Boeing Company.

17 **10.8(e) Other Provisions of the Plan.** With the exception of the
18 foregoing language of Section 10.8, all other provisions of The Boeing
19 Company Employee Retirement Plan will apply.

20 **ARTICLE 11**
21 **GROUP BENEFITS**

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

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

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

34 **11.2(a) Life Insurance and Disability Benefits.** The Company will
35 pay the full cost of the Life Insurance, Accidental Death and
36 Dismemberment, Survivor Income and Weekly Disability Plans for
37 eligible employees.

38 **11.2(b) Medical Benefits.** The Company and the Union are
39 committed to controlling health care costs through joint efforts under
40 the Joint Committee on Health Care Costs and Quality. In support of

1 these efforts, the Company will continue to share the cost of medical
2 coverage with employees. Effective January 1, 2010, Company and
3 employee contributions will be as follows:

4 **11.2(b)(1)** In regions where employees may choose between
5 Coordinated Care and/or Health Maintenance Organization plans
6 or the Traditional Medical Plan, the Company will pay the full cost
7 of the low-cost plan in the applicable region for eligible employees
8 and dependents. For those employees and dependents whose
9 coverage is with another plan, employees will contribute on a pre-
10 tax basis the difference between the cost of the low-cost plan and
11 the plan the employee chooses.

12 **11.2(b)(2)** In regions where Coordinated Care and/or Health
13 Maintenance Organization plans are not available, the Company
14 will pay the full cost of the Traditional Medical Plan.

15 **11.2(b)(3)** The employee is required to contribute an additional
16 \$100 each month for medical coverage under the Group Benefits
17 Program to enroll a spouse or same-gender domestic partner who is
18 eligible for medical coverage under another employer-sponsored
19 plan and waives such coverage. This \$100 contribution will not be
20 required for a spouse or same-gender domestic partner who waived
21 coverage under another employer-sponsored plan prior to
22 eligibility for medical coverage under the Group Benefits Program,
23 provided he or she enrolls at the other plan's next enrollment
24 period or, if earlier, at an enrollment date allowed by the other
25 plan.

26 **11.2(c) Dental Benefits.** The Company will pay the full cost of either
27 the Incentive Dental Plan or Prepaid Dental Plan.

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

29 For employees covered on or after July 1, 2003, the Company will provide
30 for the duration of this Agreement for eligible retired employees and
31 covered dependents of eligible retired employees the medical benefits
32 summarized in the document entitled Attachment B, effective July 1, 2003,
33 or on such later date when specifically stated therein and subject to all of
34 the terms and conditions contained in or referred to in such Attachment B.
35 The program summarized in Attachment B shall be referred to as the
36 Retiree Medical Plan.

37 The period of July 1, 2009 through December 31, 2009 will be a short plan
38 year prior to the transition to a calendar year plan beginning January 1,
39 2010.

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

41 Except as described in 11.4(b) and 11.4(c), the Company will share the cost
42 of medical coverage for current eligible retired employees, employees on

1 the active payroll, on layoff or on leave of absence on June 30, 2002 as
2 follows:

3 **11.4(a)** Effective July 1, 2003, Company and retired employee
4 contributions will be as follows:

5 For any Coordinated Care/Health Maintenance Organization plan
6 coverage, retired employees will contribute \$10 for a retired
7 employee only, \$20 for a retired employee and spouse, \$20 for a
8 retired employee and child(ren), or \$30 for a retired employee and
9 family. For Traditional Medical Plan coverage, retired employees
10 will contribute \$20 for a retired employee only, \$40 for a retired
11 employee and spouse, \$40 for a retired employee and child(ren), or
12 \$60 for a retired employee and family. The Company will pay the
13 cost of each plan in excess of the amount contributed by retired
14 employees.

15 **11.4(b)** For employees who are hired on or after January 1, 1993, the
16 Company contributions are limited to three and one third percent of the
17 cost of the Coordinated Care/Health Maintenance Organization plan or
18 Traditional Medical Plan the retired employee chooses per year of
19 service for the duration of the Agreement. Retired employees pay the
20 difference (the cost of the plan minus the Company contributions).
21 However, all covered retirees must make contributions not less than the
22 amount specified in Section 11.4(a).

23 **11.4(c)** The retired employee is required to contribute \$100 a month to
24 enroll a spouse in the Retiree Medical Plan if the spouse is eligible for
25 coverage under another employer-sponsored plan as an active
26 employee and waives such coverage.

27 **11.4(d)** Company contributions will be made only for an eligible
28 retired employee who is receiving benefits from The Boeing Company
29 Employee Retirement Plan provided the employee meets the eligibility
30 requirements of the Retiree Medical Plan and either authorizes
31 deduction of the balance of plan rates, if any, from his or her retirement
32 check or makes arrangements with the Company to self-pay for
33 coverage. Such Company contribution will continue for an eligible
34 retired employee or eligible spouse reduced by retired employee
35 contributions required under Sections 11.4(a) and 11.4(b) and the
36 spouse contribution in Section 11.4(c), if any, until such eligible person
37 attains 65 years of age or is earlier eligible for Medicare, and for a
38 dependent child, until such dependent is no longer an eligible
39 dependent or earlier qualifies for Medicare.

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

41 The benefits summarized in the Group Benefits Program and the Retiree
42 Medical Plan shall be procured by the Company under contracts and/or

1 administrative agreements with insurance companies, health care
2 contractors or administrative agents which will be in the form customarily
3 written by such carriers and administrative agents, and the Group Benefits
4 Program and Retiree Medical Plan shall be subject to the terms and
5 conditions of such contracts and/or administrative agreements, consistent
6 with the summary in the Group Benefits Program or Retiree Medical Plan.

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

20 During the term of this Agreement, the Company shall not change the
21 benefits or increase the deductibles or copayments shown in Attachment A
22 and Attachment B, except as required by law, without approval of the
23 Union, and in the event the Company makes such change without the
24 Union's approval, such action shall be subject to the provisions of Article
25 19 of this Agreement. The failure of an insurance company, health care
26 contractor or administrative agent to provide for any of the benefits for
27 which it has contracted shall result in no liability to the Company, nor shall
28 such failure be considered a breach by the Company of the obligations
29 which it has undertaken by this Agreement. However, in the event of any
30 such failure, the Company shall immediately evaluate the need to replace
31 the services of such insurance company, health care contractor, or
32 administrative agent.

33 **Section 11.6 Administration.**

34 The Group Benefits Program and the Retiree Medical Plan shall be
35 administered by the insurance companies, health care contractors or
36 administrative agents with whom the Company enters into contractual
37 relationships for the purpose of providing and/or administering the coverage
38 contemplated by the Group Benefits Program or the Retiree Medical Plan
39 and the Employee Benefit Plans Committee of The Boeing Company, and,
40 except as provided in Section 11.5 above, no question or issue arising under
41 the administration of such Group Benefits Program or the Retiree Medical
42 Plan or the contracts and/or administrative agreements identified therewith
43 shall be subject to the grievance procedure or arbitration provisions of

1 Article 19 of this Agreement. No new medical or dental plans will be added
2 or existing plans deleted without prior consultation and notification of the
3 Union.

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

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

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

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

22 **ARTICLE 12**
23 **TRAVEL AND RELOCATION REIMBURSEMENT**

24 **Section 12.1 Recognition of Varied Type of Operations.**

25 It is recognized that Company operations throughout the country are varied
26 as to type and location and that this has required and will continue to
27 require the use and application of different policies, regarding
28 reimbursement for travel and relocation expenses, depending on the
29 particular circumstances involved, such as: housing, transportation and
30 other personnel requirements; policies and requirements of the cognizant
31 military and other governmental agencies; duration and nature of
32 assignment; considerations as to any urgency identified with the assignment
33 or operation involved; and other related factors.

34 **Section 12.2 Copies of Policies to Be Furnished to the Union.**

35 The Company will furnish to the Union copies of the present published
36 Company policies relating to reimbursement of travel and relocation
37 expenses.

38 **Section 12.3 Advance Notice to Employee of Applicable Policy.**

39 Each employee who is requested to relocate or who is afforded an
40 opportunity to relocate, shall be advised by the Company in writing, prior to
41 any commitment on his/her part to undertake the assignment, as to the

1 published policy or policies and the particular provisions thereof that are to
2 be applied to him/her in connection with the assignment if he/she takes it;
3 and if he/she takes the assignment, later revisions of published policies or
4 parts thereof will not cause any change in the reimbursement policy or
5 policies specified in the advice.

6 **Section 12.4 Changes in Policies.**

7 The Company may make further revisions of such published policies or
8 establish additional published policies and in each such instance will furnish
9 copies to the Union. Reimbursement provisions of such published policies,
10 which are applicable to employees covered by this Agreement, will not be
11 revised to provide less favorable reimbursement for such employees, except
12 by mutual agreement between the Company and the Union.

13 **Section 12.5 Determination of Applicable Policies.**

14 The policy or policies and the part or parts thereof to be applied to the
15 individual in each instance in accordance with Section 12.3 shall be
16 determined by the Company.

17 **Section 12.6 Scope of Grievance and Arbitration Proceedings as**
18 **Applied to Travel and Relocation Reimbursement.**

19 The form and content of the various published Company policies regarding
20 reimbursement for travel and relocation expenses, the revisions thereof or
21 additions thereto that may be made by the Company from time to time, and
22 the determination of the policy or policies and the part or parts thereof to be
23 applied to the individual in each instance in accordance with this Article 12
24 shall not be subject to the grievance procedure or arbitration provisions of
25 this Agreement; however, claims that the policy or policies specified in the
26 written advice given to the employee under Section 12.3 have not been
27 applied to the employee shall be subject to the grievance and arbitration
28 procedures.

29 **ARTICLE 13**
30 **LABOR GRADES - IDENTIFICATION**
31 **AND APPLICATION OF**

32 **Section 13.1 Labor Grades.**

33 The various labor grades are those identified in Article 6.

34 **Section 13.2 Corporate Job – Definition of.**

35 "Job" as used in this Article 13 shall in each instance refer to, as a
36 composite unit, The Boeing Company title, number, and description of the
37 job.

38 **Section 13.3 Identification of Existing Jobs–Placement in Labor Grade.**

39 The "Corporate Job List - Existing Jobs as of September 4, 2008" contains
40 all the jobs existing as of that date. For the period of this Agreement,

1 thereafter each job in that list respectively shall continue within the same
2 labor grade as the one with which it is identified in such list.

3 **Section 13.4 Procedure for Placement, Within Labor Grades, of New**
4 **or Changed Jobs.**

5 In the following sections of this Article 13, a procedure is established for
6 the placement, within labor grades, of new jobs or jobs in regard to which,
7 after the date of this Agreement, there has been a substantial change in job
8 function or job description. Such procedure provides agreed upon
9 measurements, standards and considerations to be applied in the placement
10 of any such job within a particular labor grade.

11 **Section 13.5 Establishment of New Jobs.**

12 When work operations involving new or substantially changed requirements
13 are established after the effective date of this Agreement and such
14 requirements are not adequately or specifically described in an existing job,
15 the Company will describe and establish a new job in a labor grade based
16 upon its use of the Classification Guides and Representative Jobs referred to
17 in Section 13.10 by notifying the IAM Overall Coordinator and the
18 Directing Business Representative at each major location of its action. If,
19 forty-five (45) days after receipt of such notification of the establishment of
20 the new job, the Union has not requested negotiation of the labor grade on
21 the ground that pursuant to Section 13.10 the job should be in a different
22 labor grade, the job will become permanent. The parties shall discuss the
23 job description and changes shall be made by the Company in response to
24 negotiation with the Union in the interest of clarity, better understanding or
25 to more properly describe the way the work is organized; however, the
26 organization of the work shall not be affected. If the labor grade is changed,
27 such change will be retroactive to the date of installation by the Company.
28 In the event that the parties are unable to reach agreement on the labor grade
29 such dispute may be submitted to arbitration under Section 13.9. However,
30 neither the organization of work nor the determination of the job duties
31 shall be subject to arbitration and the arbiter shall not have authority to alter
32 a job description.

33 **Section 13.6 Temporary Classifications.**

34 Temporary classifications and code numbers identified with the prefix "T"
35 may be established by the Company for new work functions for which no
36 current job description is applicable and which require a period of time to
37 stabilize job duties. This period shall not exceed ninety (90) days unless
38 extended by mutual agreement. Extensions will be limited to two (2) and
39 be granted in ninety (90) day increments. Employees will be assigned to
40 such new work at their current labor grades. The Union will be notified of
41 the effective date and approximate duration of the temporary classification
42 and code number. If the permanent job title, job description and code
43 numbers are installed at a higher labor grade than the labor grades of the

1 assigned employees, these employees will be paid at the higher labor grade
2 for the time assigned to the job duties of the applicable job title.

3 **Section 13.7 Initial Staffing of New or Temporary Classifications.**

4 When establishing a new or temporary classification (not job combinations)
5 and where such new or temporary classification is comprised of portions of
6 existing jobs in programs currently in production, the Company will
7 identify the job classifications whose current work assignments will form
8 the basis for the Determining Duties of the new or temporary job
9 description. The Company will then initially staff these positions with
10 senior volunteers from the employees currently assigned to those existing
11 job classifications within the organization from the site where the new or
12 temporary job is being installed. When a new job is installed in an existing
13 job family, and is of a higher labor grade, all employees currently
14 populating the lower labor grade in the normal line of promotion in the new
15 job family shall be notified of the opportunity to file a Category B Effective
16 Application in accordance with Section 22.1(b). If the temporary job results
17 in the installation of a new job, the employees assigned to the temporary job
18 will have established rights to the new job. All further openings will be
19 staffed in accordance with Article 22.

20 **Section 13.8 Opportunity for Union to Challenge Placement in Labor**
21 **Grade.**

22 In the event the Union disagrees with the labor grade in which the new or
23 changed job has been placed, it must, within forty-five (45) calendar days
24 from the date the new or changed job description is forwarded by the
25 Company, challenge the labor grade, detailing in writing the reasons why
26 the Union disagrees and why another Classification Guide (considered with
27 its Representative Jobs) is more appropriate to establish the labor grade;
28 otherwise, the job title, description, and labor grade, as determined by the
29 Company, will continue for the life of this Agreement.

30 **Section 13.9 Procedure in Event of Disagreement.**

31 If the Union challenges the labor grade in regard to a new or changed job,
32 Company and Union representatives shall meet promptly, at a mutually
33 agreed time, for the purpose of attempting to reach agreement as to the
34 appropriate labor grade. If no agreement is reached within thirty (30)
35 calendar days of the Union's challenge as described in Section 13.8, the
36 Union may, within the next ten (10) calendar days, request that the
37 controversy be submitted to arbitration in accordance with Sections 19.6 to
38 19.10, inclusive, of Article 19.

39 **Section 13.10 Classification Guides and Representative Jobs.**

40 Each labor grade shall be identified with a "Classification Guide" and
41 certain "Representative Jobs." Any disagreements between the Union and
42 the Company shall be resolved (whether by agreement or arbitration)
43 exclusively on the basis of applying the overall composite guideline

1 afforded by each Classification Guide and the Representative Jobs
2 identified with it. The Classification Guide and its Representative Jobs are
3 to be considered together as presenting a composite picture of a particular
4 grade level of work. No Classification Guide is intended to cover any of the
5 specifics of a particular package of work but is intended instead to provide
6 (together with its Representative Jobs) measurements and standards that
7 identify a particular grade level of work. In each instance, the designated
8 Representative Jobs are intended to provide a grade level picture only and
9 will not always relate directly and specifically to each of the new or
10 changed jobs that may be developed in the future. Further guidelines to be
11 followed by the parties and (in the event of arbitration) by the arbiter are as
12 follows:

13 **13.10(a)** The Determining Duties and Responsibilities (see the Rules
14 referred to in Section 13.10(e)) in the job description describing the
15 new or revised work shall be the basis for determining the appropriate
16 labor grade.

17 **13.10(b)** The requirements to satisfactorily perform the work shall be
18 considered. For example, typical requirements to be considered would
19 be job knowledge, skill, responsibility, working conditions, and
20 problem solving. The abilities and personal qualities of individuals
21 who may already have been assigned to do the work shall not be
22 evaluated.

23 **13.10(c)** The Classification Guides and Representative Jobs
24 established for each labor grade shall be carefully studied and the sum
25 of the requirements so represented shall be compared with those of the
26 work to be graded.

27 **13.10(d)** The new or changed job shall be placed in the labor grade
28 that is identified with the Classification Guide and Representative Jobs
29 most comparable, in terms of work grade level, to the job to be graded.

30 **13.10(e)** The attached "Rules Governing the Application of Job
31 Descriptions" and the glossary entitled "A Glossary of Terms and
32 Phrases" shall remain in effect for the life of this Agreement.

33 **Section 13.11 Retroactive Payment Where Labor Grade Changed.**

34 If the Union challenges the labor grade of any new or changed job
35 classification as to which the Company has submitted a revised job
36 description to the Union, and it is determined that the job is not in the
37 correct labor grade, the Company shall pay each employee involved at the
38 corrected rate for time in which the employee has performed the
39 determining duties specified in the job description subsequent to the date on
40 which the Union notifies the Company in writing of its challenge of the
41 labor grade placement and within forty-five (45) calendar days prior to that
42 date. Section 19.5 of Article 19 shall not apply.

1 **Section 13.12 Existing "Nonrepresentative" Jobs.**

2 The parties recognize that, as of the date of execution of this Agreement,
3 certain jobs now are in labor grades which, measured against the applicable
4 guidelines, do not meet the standards and work level appropriate to the
5 labor grade. Job references and comparisons in connection with placement
6 of new or changed jobs within a labor grade are therefore limited to the
7 Representative Jobs designated for the particular labor grade.

8 **Section 13.13 Applicable Classification Guides and Representative**
9 **Jobs.**

10 During the life of this Agreement, unless changed by mutual agreement of
11 the parties, the Classification Guides and Representative Jobs identified
12 respectively with each labor grade shall be those to which the parties have
13 mutually agreed bearing date of September 4, 2008, and entitled
14 "Classification Guides and Representative Jobs for Use in Placing New or
15 Changed Jobs Within the Appropriate Labor Grade."

16 **Section 13.14 Misassignment Grievances.**

17 During the life of this Agreement, the Company shall have sole
18 responsibility for making work assignments. The Union, however, may
19 challenge the labor grade of any employee covered by this Agreement based
20 on the contention that the work assigned by the Company differs from the
21 job description to the extent and in such a manner so as to require assigning
22 the employee to an existing or new job that would be in a higher labor grade
23 after applying the guidelines of Section 13.10. Disputes based on such
24 contention may be settled in accordance with Article 19.

25 **ARTICLE 14**
26 **SENIORITY**

27 **Section 14.1 Accumulation of Seniority.**

28 The seniority of an individual at any time (subject to the other Sections of
29 this Article 14) shall be:

30 **14.1(a)** The amount of seniority he/she had immediately prior to the
31 effective date of this Agreement, calculated in accordance with the
32 Collective Bargaining Agreement between the parties dated September
33 29, 2005; plus

34 **14.1(b)** The time after such effective date that he/she is on the active
35 payroll of the Company within any bargaining unit to which this
36 Agreement relates; plus

37 **14.1(b)(1)** for employees on the active management (supervisory)
38 payroll of the Company on September 1, 1999, the time before or
39 after the effective date of entry onto such payroll, provided he/she
40 has at some previous time worked within any such unit (including
41 any preceding variation of any such unit) and provided further that

1 this Subparagraph will not affect the seniority of those in any such
2 unit (including those on layoff or leave of absence from any such
3 unit) on such effective date; plus

4 **14.1(b)(2)** for employees promoted to the active management
5 (supervisory) payroll of the Company on or after September 2,
6 1999, a cumulative total of five (5) years spent on such payroll
7 following such effective date, provided he/she has at some
8 previous time worked within any such unit (including any
9 preceding variation of any such unit); provided further that this
10 Subparagraph will not affect the seniority of those in any such unit
11 (including those on layoff or leave of absence from any such unit)
12 on such effective date; and provided further that this Subparagraph
13 shall not apply to employees temporarily promoted to such payroll
14 or promoted to such payroll for purposes of staffing a joint
15 program (such employees to continue to accrue seniority in
16 accordance with Section 14.1(b) above); plus

17 **14.1(b)(3)** time lost by reason of industrial injury, industrial
18 illness, or jury duty; plus

19 **14.1(b)(4)** time on leave of absence granted for the purpose of
20 serving in the Armed Forces of the United States; plus

21 **14.1(b)(5)** time spent on authorized leave of absence for Union
22 business; plus

23 **14.1(b)(6)** time spent on leave of absence granted by the Company
24 for the purpose of permitting an employee to engage in activities
25 requested by the Company; plus

26 **14.1(b)(7)** time spent on authorized leave of absence granted
27 because of pregnancy or to cover periods of nonindustrial injury or
28 illness, not to exceed one (1) year during any such period; plus

29 **14.1(b)(8)** the first ninety (90) days of any other authorized leave
30 of absence; plus

31 **14.1(b)(9)** time on disability retirement from any such unit
32 provided the employee qualifies to return to the active payroll
33 under the provisions of Section 22.18(e); plus

34 **14.1(b)(10)** time on layoff from any such unit not to exceed, in
35 each instance:

- 36 (a) A period of eight (8) years for employees with five (5) or
37 more years of seniority at time of layoff (less time on
38 leave under Subparagraphs 14.1(b)(7) and 14.1(b)(8)
39 where such leave immediately precedes such layoff);

- 1 (b) A period of five (5) years for employees with three (3) or
2 more but less than five (5) years seniority at time of
3 layoff (less time on leave under Subparagraphs
4 14.1(b)(7) and 14.1(b)(8) where such leave immediately
5 precedes such layoff);
- 6 (c) A period of three (3) years for employees with less than
7 three (3) years seniority at time of layoff (less time on
8 leave under Subparagraphs 14.1(b)(7) and 14.1(b)(8)
9 where such leave immediately precedes such layoff);

10 **Section 14.2 Transfer From One Location to Another.**

11 An individual who has accumulated seniority under the provisions of this
12 Article 14 when transferred from one Primary Location (or Remote
13 Location thereof) to another Primary Location (or Remote Location thereof)
14 shall retain such seniority.

15 **Section 14.3 Loss of Seniority.**

16 **14.3(a)** An individual shall lose seniority rights for the following
17 reasons:

18 **14.3(a)(1)** Resignation.

19 **14.3(a)(2)** Discharge for cause.

20 **14.3(a)(3)** Failure to respond with his/her acceptance within seven
21 (7) regular workdays after dispatch by courier or certified mail,
22 return receipt requested, of a recall from layoff unless such period
23 is extended by the Company if such recall is to a job that he/she
24 must accept under the applicable provisions of Article 22 or lose
25 seniority. However, if such an employee, who otherwise would
26 retain his/her seniority except for the provisions of this Section
27 14.3(a)(3), contacts the Company in writing within thirty (30)
28 calendar days of his/her seniority loss, his/her seniority will be
29 reinstated and he/she will be placed on the Category A roster in
30 seniority order for prospective purposes.

31 **14.3(a)(4)** Failure to report for work within five (5) workdays
32 after acceptance or on such later date as may be designated by the
33 Company.

34 **14.3(a)(5)** Layoff for a period in excess of eight (8) years for
35 employees with five (5) or more years of seniority at time of
36 layoff; layoff for a period in excess of five (5) years for employees
37 with three (3) years or more but less than five (5) years seniority at
38 time of layoff; layoff for a period in excess of three (3) years for
39 employees with less than three (3) years seniority at time of layoff.

1 **14.3(a)(6)** Retirement from the active payroll, leave or layoff
2 status (excludes those employees on disability retirement who
3 qualify to return to the active payroll under the provisions of
4 Section 22.18(e)).

5 **14.3(b)** Any employee of the Company outside of a collective
6 bargaining unit covered by this Agreement who is discharged or quits
7 shall be considered a new hire without seniority if subsequently
8 employed within the bargaining unit.

9 **Section 14.4 Reinstatement of Seniority Lost by Reason of Duration of**
10 **Layoff.**

11 An employee laid off on or after October 4, 1990, who has lost his/her
12 seniority solely because of the application of Subparagraph 14.3(a)(5) shall,
13 upon re-employment by the Company, have that seniority reinstated if the
14 employee returns to the active payroll and his/her period of separation from
15 the active payroll does not exceed the amount of seniority he/she had at the
16 date of his/her layoff, plus the amount of seniority he/she accumulated
17 under the applicable provisions of all Collective Bargaining Agreements
18 between the parties beginning October 4, 1980 and thereafter.

19 **Section 14.5 Nature of Seniority Rights.**

20 Seniority rights are those specified by effective written agreement and shall
21 not be deemed to exist independently of such agreement.

22 **ARTICLE 15**
23 **LEAVE OF ABSENCE**

24 **Section 15.1 Authorized Leaves of Absence.**

25 **15.1(a)** For the period indicated in each instance, leaves of absence
26 (without pay except to the extent sick leave credit or vacation credit can
27 be used and is used under and in accordance with Article 8) shall be
28 granted to an employee on the active payroll:

29 **15.1(a)(1)** In case of accident or illness, for the period of time
30 his/her injury or illness requires that he/she be absent from work.
31 The Company may require satisfactory proof of such illness.
32 Alcoholism or drug dependency may be the basis for granting
33 medical leave as to individuals while under treatment at a generally
34 recognized and accepted treatment center or hospital if such
35 treatment is requested prior to the employee's having been
36 terminated for unsatisfactory attendance or violation of other
37 Company rules.

38 **15.1(a)(2)** In pregnancy cases, for the period of the employee's
39 temporary physical incapacity caused by the pregnancy as verified
40 by the employee's physician with concurrence of the Company
41 medical staff. If there is a difference of medical opinion as to the

1 employee's physical incapacity, the Company will solicit the
2 opinion of a third physician. The Company shall be notified
3 immediately upon medical confirmation that a pregnancy exists.

4 **15.1(a)(3)** For the period of time necessary to serve in the Armed
5 Forces of the United States.

6 **15.1(a)(4)** In case he/she is appointed by the President or
7 Directing Business Representative of the Union representing the
8 particular unit, or elected, to a full-time Union position, for the
9 period of time necessary to fill such position.

10 **15.1(b)** The Company may grant leaves of absence without pay for
11 other reasons that the Company considers valid.

12 **Section 15.2 Return from Leave of Absence.**

13 An employee who applies for return from leave of absence on or before the
14 expiration date of his/her leave will be returned in accordance with the
15 following:

16 **15.2(a)** Where an employee returns from a leave of absence that was
17 granted due to industrial injury or industrial illness and he/she is
18 medically able to perform the job which he/she last held:

19 **15.2(a)(1)** he/she will be returned to it if this does not conflict
20 with Article 22.

21 **15.2(a)(2)** if this does conflict with Article 22, he/she will be
22 considered for any job that he/she is qualified and able to perform,
23 or (if a surplus occurred that would have affected him/her during
24 such leave) be subjected to surplus procedures all in accordance
25 with Article 22.

26 **15.2(b)** Where an employee returns from a leave of absence of the type
27 described in Section 15.2(a) and he/she is medically not able to perform
28 the job which he/she last held, he/she will be considered for any job
29 that he/she is qualified and able to perform (or for any temporary light
30 duty assignment that may be available at the Company's discretion), or
31 (if a surplus occurred that would have affected him/her during such
32 leave) be subjected to surplus procedures, all in accordance with
33 Article 22.

34 **15.2(c)** Where an employee returns from a leave of absence that was
35 granted due to nonindustrial injury or illness or because of pregnancy,
36 and the period of the leave has not exceeded one (1) year, and he/she is
37 medically able to perform the job which he/she last held, the steps and
38 procedures of Subparagraphs 15.2(a)(1) and 15.2(a)(2) will apply.

39 **15.2(d)** Where an employee returns from a leave of absence of the type
40 described in Section 15.2(c) and he/she is medically not able to perform

1 the job which he/she last held, he/she will be considered for any job
2 which he/she is qualified and able to perform, subject to Article 22. If
3 placement is not effected, the employee may be placed on layoff.

4 **15.2(e)** If leave was granted due to nonindustrial injury or illness and
5 the period of leave is in excess of one (1) year, the employee may be
6 returned to the job title which he/she last held providing there is an
7 opening in such job title and his/her placement in such opening is not
8 inconsistent with Article 22; otherwise, he/she may be placed on layoff.

9 **15.2(f)** If leave was granted for military service or other requirements
10 of law, the provisions of applicable laws shall apply.

11 **15.2(g)** If leave, irrespective of length, was granted for any reason
12 other than those stated in Sections 15.2(a) to 15.2(f), inclusive, and in
13 Section 15.2(h), the employee will be returned to the job title which
14 he/she last held providing there is an opening in such job title and
15 his/her placement in such opening is not inconsistent with Article 22;
16 otherwise, he/she may be placed on layoff.

17 **15.2(h)** If leave was granted to accept a full-time position with the
18 Union, the employee will be returned to the job which he/she last held
19 if such job is then populated; if such job is not then populated he/she
20 will be returned to one of equal grade.

21 **ARTICLE 16**
22 **HEALTH AND SAFETY**

23 **Section 16.1 Mutual Objective.**

24 The Union and Company recognize the value of working together to
25 maintain high standards of occupational health, safety and environmental
26 care throughout the plants of the Company. Both parties commit to work
27 together to create an environment which promotes a positive approach to
28 processes, attitudes and activities that bring about the changes necessary to
29 achieve a workplace free of incidents, accidents and injuries, and that
30 protects the environment. It is our intent that no employee shall be required
31 to perform work that involves an imminent danger to health or physical
32 safety. Both parties will continue to establish proactive, customer-driven
33 programs and systems to support this mutual objective.

34 **16.1(a) Health and Safety in the Workplace.** The Union and the
35 Company are committed to working together to maintain a healthy, safe
36 and environmentally responsible workplace. Both parties agree that all
37 employees should be actively involved in creating a safe workplace and
38 complying with all applicable safety, health and environmental policies
39 and procedures. Both parties recognize that good physical health and
40 being prepared to do physical work may reduce injuries. Together, the
41 parties will explore methods to promote health programs.

1 **16.1(b)** The Union and the Company agree that it is in their best
2 interest to provide for and maintain a healthy, safe and environmentally
3 responsible workplace for all employees; therefore, no employee shall
4 be required to perform work that involves imminent danger to their
5 health or physical safety. Imminent danger is defined as loss of life or
6 limb.

7 **16.1(c)** Should the employee believe that there is imminent danger due
8 to work required to be performed, the employee should inform the
9 immediate supervisor and/or the responsible site safety manager or a
10 designee. In addition, the employee may contact the Union Steward or
11 a Health and Safety Institute (HSI) Site Safety Committee member who
12 will assist in contacting the Site Safety Manager.

13 **16.1(d)** Work will not continue until the responsible Site Safety
14 Manager or designee makes the final determination concerning the
15 safety of the individual and the work to be performed.

16 **16.1(e)** Further, the parties agree that a contact listing of the
17 responsible Site Safety Managers or designees and the HSI Site Safety
18 Committee members will be posted at locations conveniently accessible
19 to IAM bargaining unit employees.

20 **Section 16.2 IAM/Boeing Health and Safety Institute.**

21 **16.2(a) Purpose.** The parties recognize that efforts directed to achieve
22 a safe and healthy workplace must represent shared responsibility and
23 encourage the involvement of all employees. Therefore, the
24 IAM/Boeing Health and Safety Institute exists to address occupational
25 health and safety issues which impact employees within the bargaining
26 units and support the parties' mutual objectives.

27 **16.2(b) IAM/Boeing Joint Programs National Governing Board
28 and Executive Directors.** General direction and guidance of the
29 IAM/Boeing Health & Safety Institute (HSI) shall be the responsibility
30 of the IAM/Boeing Joint Programs National Governing Board
31 (Governing Board) as described in the parties' Letter of Understanding
32 No. 26, entitled Administration of Joint Programs, and the parties'
33 Letter of Understanding No. 18, entitled Expenditure of Funds under
34 Article 16 and Article 20. Oversight of day-to-day operations of HSI
35 and coordination of HSI administrative staff activities, as directed by
36 the Governing Board, shall be the responsibility of the IAM/Boeing
37 Joint Programs Executive Directors as described in the parties' Letter
38 of Understanding No. 26.

39 **16.2(c) Administrative Staff.** In support of the HSI Mutual Objective
40 as outlined in Section 16.1, staff responsibilities include being involved
41 in developing, recommending, and implementing health and safety

1 programs. The IAM/Boeing Health & Safety Institute's Administrative
2 Staff is described in the parties' Letter of Understanding No. 26,
3 Sections C and D.

4 **16.2(d) Joint Health and Safety Communication Committee.** The
5 Joint Health and Safety Communication Committee shall be comprised
6 of one (1) representative of each party from each of the Site
7 Committees and one (1) administrative staff from each party. The Site
8 Committee representatives to the Joint Health and Safety
9 Communication Committee shall be comprised of the Site Committee
10 Chairperson and the Site Committee Secretary. The Committee shall
11 work to ensure a consistent approach to communication and application
12 of the Health and Safety Institute's programs and services, to
13 benchmark and share best practices, to make recommendations back to
14 the respective sites, and to review any matters referred to it by a Site
15 Committee, the Governing Board, or the administrative staff. The
16 Committee shall meet at least monthly and shall select from among its
17 members a chairperson and secretary, from the opposite party, who
18 shall serve a half-year term. The chair and secretary of the Committee
19 shall rotate between the parties. No Committee member shall suffer any
20 loss of employee rights or benefits, including opportunities for
21 promotion, as a result of serving on the Committee.

22 **16.2(e) Site Committees.**

23 **16.2(e)(1) Structure.** The Governing Board shall be responsible
24 for the establishment of Site Committees and may add, delete or
25 modify existing or future Site Committees as it deems necessary.
26 Site Committees are currently established at: Auburn Site,
27 Developmental Center/Kent Site, Everett Site, Frederickson Site,
28 Plant II Site, Portland Site, Renton Site, and Wichita Site. Site
29 Committees shall be comprised of a minimum of four (4)
30 representatives from each of the parties, one of whom shall be the
31 Union's health and safety focal point for that site, one of whom
32 shall be the EHS safety manager for that site and one of whom
33 shall be an HSI Administrator from each of the parties. The
34 appropriate Directing Business Representative will appoint Union
35 representatives to the Site Committees as authorized by the
36 Governing Board. No Committee member shall suffer any loss of
37 employee rights or benefits, including opportunities for promotion,
38 as a result of serving on the Committee.

39 **16.2(e)(2) Responsibilities.** Each Site Committee shall meet at
40 least monthly and shall select from among its members a
41 chairperson and secretary, from each party, who shall serve a half-
42 year term. The chair and secretary shall rotate between the parties.
43 Minutes of all meetings, tours and recommendations shall be

1 forwarded to the Committee members, the senior operations site
2 manager(s) the EHS Director and the Health and Safety Institute
3 office. Each Site Committee shall be responsible to carry out those
4 functions as directed by the Governing Board and as coordinated
5 by the administrative staff. Each Site Committee also shall make a
6 monthly tour based on the following criteria: accident injury rates,
7 SHEAR forms, Operations safety plan goals and objectives and/or
8 other tour indicators agreed to by the Site Committee. Information
9 gathered will be shared with the organization, members of the Site
10 Committee, Division Executives, EHS and the Health and Safety
11 Institute offices. Such tours shall be conducted as efficiently as
12 possible and time spent in each instance shall be kept to the
13 reasonably necessary minimum. In support of Site Committee
14 responsibilities, Site Committee members will receive adequate
15 training as determined by HSI in support of individual site
16 requirements.

17 **16.2(f) Hazard Communication Team.** The Hazard Communication
18 Team shall consist of equal numbers of representatives of each party:
19 team members will be from Puget Sound, Portland and Wichita. The
20 Union's representatives shall be individuals who are knowledgeable
21 about hazard communication issues, and at least one (1) administrative
22 staff member. The Company's representatives shall be personnel from
23 EHS and other appropriate organizations, and at least one (1)
24 administrative staff member. The Team shall meet at least monthly and
25 shall select from among its members a chairperson and secretary who
26 shall serve a half-year term. The chair and secretary shall rotate
27 between the parties. The Team shall be under the direction of the
28 Governing Board as coordinated by the administrative staff, and shall
29 be responsible for reviewing the occupational health and safety effects
30 resulting from changes in machines, processes or materials, staying
31 current with Company/industry manufacturing trends and providing
32 information and communications to employees. To enhance the
33 communication between various health and safety activities, the chair
34 and secretary of the Hazard Communication Team will provide a
35 monthly report to the Joint Health and Safety Communication
36 Committee.

37 **16.2(g) Health and Safety Training.** The Health and Safety Institute
38 will develop, provide and/or deliver health and safety training that
39 impacts IAM bargaining unit employees.

40 **16.2(g)(1)** The Health and Safety Institute provides training for
41 employees where driven by requesting organizations, Operations
42 safety plans, appropriate occupational health and safety practices

1 and compliance, and other training mutually agreed to by the
2 Governing Board.

3 **16.2(g)(2) Shop Safety Monitors/Focals.** The Union and
4 Company agree that shop safety monitors/focals should be
5 considered as leaders in employee participation to help deploy
6 individual team safety plans. Utilization of shop safety
7 monitors/focals can be an effective means by which the Company
8 and Union working together can create a safer workplace through
9 enhanced employee involvement. The Institute, working with
10 local management, EHS, Union Stewards and Site Committee
11 members provides to requesting organizations a shop safety
12 monitor/focal selection process and training plan.

13 **16.2(g)(3)** When the need arises, subject matter experts (SMEs)
14 from the bargaining unit may be used in the development and
15 delivery of health and safety training with concurrence of the
16 SMEs home organization. SMEs will be identified, selected and
17 approved by the administrative staff. With concurrence between
18 the Institute and the affected organizations, normal lost time
19 charges for those SMEs assigned to assist in the development or
20 delivery of such training may be paid by the Institute or the home
21 organization.

22 **16.2(h) Employee Participation.** The Governing Board, the
23 administrative staff, the Joint Health and Safety Communication
24 Committee, a Site Committee or the Hazard Communication Team may
25 utilize the expertise of bargaining unit employees either as advisors or
26 as representatives on the joint Health and Safety Communication
27 Committee, or on a Site Committee with concurrence of their home
28 organization. Time spent by these individuals in such capacities shall
29 be considered to be paid work time. In addition, no bargaining unit
30 employee who has served as an advisor or representative shall be
31 subject to discrimination or retaliation because of such activities.

32 **16.2(i) Expenditure of Funds.** The Company will provide the
33 necessary funds in support of the IAM/Boeing Health & Safety
34 Institute's activities and such other health and safety related expenses
35 as may be agreed to by the Governing Board. The details of such
36 funding are described in the parties' Letter of Understanding No. 18,
37 entitled Expenditure of Funds Under Article 16 and Article 20.

38 **16.2(j) Indemnity.** The Company shall indemnify and hold the Union
39 and its representatives harmless from and against any and all claims,
40 demands, charges, complaints or suits against them which are based on
41 or arise out of any action taken by them in accordance with the
42 foregoing provisions of this Section 16.2.

1 **Section 16.3 Health and Safety Focal Points.**

2 The Union and the Company will designate a health and safety focal point
3 for each site or facility. The Union will designate a business representative
4 or appropriate delegate as the Union's focal point. The Company will
5 designate the appropriate site safety manager as the Company's focal point.
6 The focal points will be the contact for occupational health and safety issues
7 at such site or facility. In addition, the Union focal point will represent the
8 Union at health and safety regulatory agency site reviews requiring Union
9 participation, including walk-around inspections and complaint
10 investigations.

11 **Section 16.4 Use of Safety Devices.**

12 **16.4(a)** The Company will furnish proper, modern and sanitary safety
13 devices (except eyeglasses ground and fitted to individual
14 requirements) for all employees working on potentially hazardous
15 work. It shall be mandatory for all employees to use such devices
16 when the Company determines that they are necessary. The Company
17 shall replace any Company approved employee provided prescription
18 safety glasses or approved safety shoes accidentally and irreparably
19 damaged while performing their job assignment if the employee's own
20 negligence or lack of care was not a primary factor.

21 **16.4(b)** The Union and the Company have a longstanding commitment
22 to individual employee safety and regulatory compliance. This
23 commitment extends to issues regarding personal protective equipment
24 and safety devices and the value of working together to create an
25 injury-free workplace. To further their commitment, the parties have
26 agreed that the IAM/Boeing Health and Safety Institute and the
27 Company will maintain a process that will provide employees up to
28 \$75.00 per year towards the purchase of approved safety shoes where
29 such shoes are mandatory due to regulatory compliance or Company
30 directive.

31 **Section 16.5 Safety Health and Environmental Action Request**
32 **(SHEAR).**

33 The Health and Safety Institute Site Committees shall work closely with
34 employees and management to find solutions to health and safety issues and
35 concerns. To that end, the parties agree that the preferred process for
36 addressing the health and safety matters is the SHEAR process. SHEARs
37 are a tool that formally allows the employee, manager, EHS, HSI, and other
38 parties, as needed, to work together to resolve health and safety concerns
39 and document the solutions. Further, it is the intent of the parties to
40 immediately resolve safety-related problems at the location where the safety
41 or health concern arises; therefore, the parties encourage the appropriate
42 management and the Union Steward to be an integral part of the resolution

1 process. A copy of the closed SHEAR form shall be furnished to the
2 chairperson of the appropriate Site Committee and the safety office.

3 **Section 16.6 Disputes.**

4 Disputes concerning the Health and Safety Institute or its operations may be
5 referred by the Joint Programs Executive Directors to the Governing Board
6 for final resolution. No matter involving Sections 16.1 through 16.5 shall
7 be subject to the grievance and arbitration procedure of Article 19 of this
8 Agreement.

9 **Section 16.7 Requirement of Medical Examination.**

10 In the interest of continued health and safety of individuals and their fellow
11 employees, any applicant for employment, any employee returning from
12 layoff or leave of absence, any employee requesting return from disability
13 retirement or medical layoff, any employee with a medical
14 recommendation, or any other active employee may be required by the
15 Company to undergo a medical examination by a Health Care Provider of
16 the Company's selection. Applicants and employees will be furnished a
17 copy of the Health Care Provider's report and/or medical recommendation
18 upon their request. If an employee is found to be incapable of performing
19 the work functions of the job title because of a medical recommendation,
20 the Company will attempt to place such employee in available work which,
21 in the opinion of the Company, he/she is medically capable of performing.
22 In the event that reassignment to a lower labor grade, denial of promotion,
23 denial of return to active employment, involuntary separation from the
24 payroll or other adverse action results from the Company's finding of
25 medical disqualification, the Union may take such finding through the
26 regular grievance channels; and such grievance, in order to be processed, (a)
27 must be supported by medical testimony which is contradictory to the
28 Company's findings and (b) must be filed by the business representative
29 with the designated representative of the Company within seven (7)
30 workdays after the date of such reassignment to a lower labor grade, such
31 denial of promotion, such denial of return to active employment, such
32 involuntary separation from the payroll or such other adverse action.

33 **Section 16.8 First Aid.**

34 **16.8(a)** The Company will maintain registered nurses or qualified first
35 aid attendants, emergency first aid stations, and emergency first aid
36 service to care for employees in case of accidental injuries at the Puget
37 Sound, Portland and Wichita Primary Locations.

38 **16.8(b)** The Company will maintain emergency first aid service at
39 other locations unless such service is available from military or other
40 sources.

41 **16.8(c)** When an employee at work requires immediate medical
42 attention by a private medical practitioner or at a hospital due to an

1 industrial injury/illness or exposure to hazardous agents in the work
2 environment, and the employee is not able to provide his/her own
3 transportation, the Company will provide the transportation to and from
4 the employee's normal work location. If such an employee is returned
5 to his/her work location too late to use his/her normal transportation
6 home, the Company will provide that transportation.

7 **Section 16.9 Medical Recommendations.**

8 **16.9(a)** A medical recommendation is a description of an employee's
9 functional capabilities (i.e. physical or cognitive abilities) which are
10 limited due to a medical condition. Medical recommendations are
11 issued by the Company Health Care Provider based on a review of
12 relevant information, including information from the employee's
13 community Health Care Provider when available.

14 **16.9(b)** An employee who may need a new medical recommendation
15 or the removal of a current medical recommendation, shall have the
16 responsibility to report to the nearest Company medical clinic or
17 dispensary and provide the following information, as applicable:

18 **16.9(b)(1)** Upon the employee's return to work, the employee's
19 community Health Care Provider's statement including the date the
20 employee is released to return to work, and the employee's
21 functional capabilities;

22 **16.9(b)(2)** To report for re-evaluation when the period of a time-
23 limited medical recommendation has elapsed, with a statement
24 from the employee's community Health Care Provider regarding
25 the functional capabilities if available;

26 **16.9(b)(3)** A statement by the employee's community Health Care
27 Provider pertaining to his/her medical condition, or change to such
28 condition, including a statement of the employee's functional
29 capacities.

30 If the Company's Health Care Provider agrees that the medical
31 condition of the employee warrants the initiation, removal or
32 modification of a medical recommendation, such action will be
33 taken. A medical recommendation will be removed when the
34 medical recommendation expires, or is discontinued by the
35 Company's Health Care Provider.

36 **Section 16.10 Employees with Injuries or Illnesses.**

37 With respect to employees who suffer an injury or illness on or after
38 November 22, 1989:

39 **16.10(a)** An employee who is unable to perform his/her job because of
40 injury or illness may be reclassified to another job title that he/she is

1 qualified and able to perform subject to the employee's medical
2 recommendations or shall be reclassified to a job in which he/she has
3 established surplus rights (Category A, downgrade, and
4 reclassification) in Article 22 subject to the employee's medical
5 recommendation.

6 **16.10(b)** Employees whose initial reclassification under Section
7 16.10(a) is to a lower-graded job shall receive the rate of pay for the job
8 he/she would have held under Article 22 but for an industrial injury or
9 illness, subject to the maximum of the labor grade he/she held
10 immediately prior to the reclassification. This pay rate protection shall
11 begin on the date when (1) the employee is reclassified to a lower-
12 graded job, or (2) the employee's workers' compensation claim is either
13 accepted by the Company or determined by the State to be
14 compensable and shall end five (5) years later or at the employee's
15 return to his/her former job or labor grade, if earlier. In the case of
16 items (1) and (2), pay protection will begin on the latter of the two (2)
17 dates.

18 **16.10(c)** Employees on a leave of absence that was granted due to
19 injury or illness shall be considered for placement pursuant to Articles
20 15 and 22. If suitable placement is identified, the employee shall, no
21 later than the next work day following the day he/she is cleared to
22 return to work by the Company or its agents, be returned to work or be
23 considered to be on report time under Section 6.9 if he/she reports to
24 work until he/she is so returned.

25 **16.10(d)** If the employee requires medical care for the injury or illness
26 and if such care unavoidably occurs during working hours, any such
27 absence shall be excused with no attendance infraction.

28 **Section 16.11 Union Liability to Employees.**

29 Nothing contained in this Article 16 shall be construed to create or give rise
30 to a claim by a member of the bargaining units that the Union acted
31 wrongfully or failed to take action with respect to any alleged breach of
32 contract by the Union with respect to any matter covered by this Article 16.

33 **ARTICLE 17**
34 **APPRENTICES**

35 **Section 17.1 Apprentice Rates.**

36 Effective September 5, 2008, rates of pay for apprentices shall be as
37 follows:

Time Period	Grade 8*	Grade 9*	Grade 10*
1st six months (1000 hours)	\$24.13	\$24.84	\$25.48
2nd six months (1000 hours)	\$25.35	\$26.10	\$26.52
3rd six months (1000 hours)	\$26.57	\$27.35	\$27.55

Time Period	Grade 8*	Grade 9*	Grade 10*
4th six months (1000 hours)	\$27.78	\$28.61	\$28.59
5th six months (1000 hours)	\$29.00	\$29.87	\$29.62
6th six months (1000 hours)	\$30.23	\$31.13	\$30.66
7th six months (1000 hours)	\$31.45	\$32.38	\$31.69
8th six months (1000 hours)	\$32.67	\$33.64	\$32.73
*9th six months (1000 hours)	N/A	N/A	\$33.76
*10th six months (1000 hours)	N/A	N/A	\$34.80

- 1 *Applicable only to programs that require 10,000 hours.
2 The base rates set forth above shall be adjusted in the same manner set forth
3 in Sections 6.3(b), including the application of Section 6.4.

4 **Section 17.2 Apprentice Agreements.**

5 The Apprentice Agreement first executed October 27, 1939 and approved
6 by the Washington State Apprentice Council November 6, 1939, and as
7 amended effective April 20, 1978, shall be applicable within the State of
8 Washington only, and the Apprentice Agreement executed February 10,
9 1988, and approved by the State of Oregon Apprenticeship and Training
10 Council June 9, 1988, shall be applicable at Boeing of Portland, Multnomah
11 County, Oregon only, and the Apprentice Agreement executed November 1,
12 2001 with the State of Kansas Apprenticeship Council shall be applicable
13 within the State of Kansas only. These Agreements may be extended to
14 other Company locations by later mutual agreement of the Company and
15 the Union. The Apprentice Agreements, as now applicable, and any
16 extended application of either of them by later agreement of the parties shall
17 not contravene the provisions of this Agreement.

18 **ARTICLE 18**
19 **STRIKES AND LOCKOUTS**

20 The Union agrees that during the term of this Agreement, and regardless of
21 whether an unfair labor practice is alleged (a) there will be no strike, sit-
22 down or walk-out and (b) the Union will not directly or indirectly authorize,
23 encourage or approve any refusal on the part of employees to proceed to the
24 location of normal work assignment where no rare or unusual physical
25 hazard is involved in proceeding to such location. Any employee who
26 violates this clause shall be subject to discipline. The Company agrees that
27 during the term of this Agreement there will be no lock-out of employees
28 covered by this Agreement. Any claim by either party that the other party
29 has violated this Article 18 shall not be subject to the grievance procedure
30 or arbitration provisions of this Agreement, and either party shall have the
31 right to submit such claim to the court.

1 **ARTICLE 19**

2 **GRIEVANCE PROCEDURE AND ARBITRATION**

3 **Section 19.1 Establishment of Grievance and Arbitration Procedure.**

4 Grievances or complaints arising between the Company and its employees
5 subject to this Agreement, or the Company and the Union, with respect to
6 the interpretation or application of any of the terms of this Agreement, shall
7 be settled according to the following procedure. Subject to the terms of this
8 Article 19 relating to cases of dismissal or suspension for cause or of
9 involuntary resignation, only matters dealing with the interpretation or
10 application of terms of this Agreement shall be subject to this grievance
11 machinery.

12 **Section 19.2 Employee Grievances.**

13 In the case of grievances on behalf of employees and subject to the further
14 provisions of Section 19.3 below, relating to cases of layoff or dismissal or
15 suspension for cause or involuntary resignation:

16 **STEP 1. Oral Discussion.** The employee first shall notify his/her
17 supervisor of his/her grievance and then, if he/she so desires, shall
18 discuss his/her grievance with the steward or the Union business
19 representative, and if the steward or the business representative
20 considers the grievance to be valid, then the employee and the steward
21 or business representative will contact the employee's supervisor and
22 will attempt to effect a settlement of the complaint. This procedure,
23 however, will not prevent an employee from contacting his/her
24 supervisor if he/she so chooses. If the purpose of the employee's
25 contacting his/her supervisor is to adjust the grievance, the steward or
26 the business representative shall be given an opportunity to be present
27 and such adjustment shall be in conformity with this Agreement.

28 **STEP 2. Grievance Reduced to Writing – Handling at Supervisory**
29 **Level.** If no settlement is reached in Step 1, the business representative,
30 if he/she considers the grievance to be valid, may at any time reduce to
31 writing a statement of the grievance or complaint which shall contain
32 the following:

- 33 (a) The facts upon which the grievance is based.
- 34 (b) Reference to the section or sections of the Agreement alleged
35 to have been violated (this will not be applicable in cases of
36 dismissal or suspension for cause or of involuntary
37 resignation).
- 38 (c) The remedy sought.

39 The business representative shall submit the written statement of
40 grievance to the supervisor for reconsideration, with a copy to the
41 designated representative of the Company. After such submission the

1 supervisor and the business representative may, within the next five (5)
2 workdays (unless mutually extended), settle the written grievance and,
3 over their signatures, indicate the disposition made thereof. Otherwise,
4 promptly after the expiration of such five (5)-day period (or agreed
5 extension thereof) the supervisor and the business representative shall
6 sign the grievance, with the supervisor indicating the basis for denying
7 the grievance, and their signatures will indicate that the grievance has
8 been discussed and reconsidered by them and that no settlement has
9 been reached.

10 **STEP 3. Written Grievance; Handling at Business Representative-**
11 **Company Representative Level.** If no settlement is reached in Step 2,
12 within the specified or agreed time limits, the business representative
13 may at any time thereafter submit the grievance to the designated
14 representative of the Company. After such submission the designated
15 representative of the Company and the business representative may,
16 within the next ten (10) workdays (unless mutually extended), settle the
17 grievance and, over their signatures, indicate the disposition made
18 thereof. Otherwise, promptly after the expiration of such ten (10)-day
19 period (or agreed extension thereof) the designated representative of the
20 Company and the business representative shall sign the grievance, with
21 the designated representative indicating the basis for denying the
22 grievance, and their signatures will indicate that the grievance has been
23 discussed and reconsidered by them and that no settlement has been
24 reached.

25 **STEP 4. Arbitration.** If no settlement is reached in Step 3 within the
26 specified or agreed time limits, then either party may in writing, within
27 ten (10) workdays thereafter, request that the matter be submitted to an
28 arbiter for a prompt hearing as hereinafter provided in Sections 19.6 to
29 19.9, inclusive.

30 **Section 19.3 Dismissals, Suspensions, Layoffs, Etc.**

31 In cases of layoff, or of dismissal or suspension for cause, or of involuntary
32 resignation, the employee shall be given a copy of the layoff, suspension or
33 termination of service slip, as the case may be, if he/she is available to be
34 presented with such copy. If he/she is not available, copies of the slip will
35 be sent to the employee and to the Union office. The employee shall have
36 the right to appeal the action shown on the slip providing the business
37 representative files a written grievance, beginning at Step 3, with the
38 designated representative of the Company within seven (7) workdays after
39 the date of layoff, dismissal, suspension for cause or involuntary
40 resignation, or within seven (7) workdays after the date of the mailing of the
41 copy of the slip, provided, however, that any dismissal or suspension of an
42 employee who has committed a sex crime victimizing a child or children
43 shall be deemed to be for cause and shall not be subject to the grievance and

1 arbitration procedure of this Article 19. The written grievance then may be
2 processed through subsequent steps.

3 **Section 19.4 Union Versus Company and Company Versus Union**
4 **Grievances.**

5 In the case of any grievance which the Union may have against the
6 Company or the Company may have against the Union, the processing of
7 such grievance shall begin with Step 3 and shall be limited to matters
8 dealing with the interpretation or application of terms of this Agreement.
9 Such grievance shall be submitted in writing to the designated
10 representative of the Company or the designated representative of the
11 Union, and shall contain the following:

12 **19.4(a)** Statement of the grievance setting forth the facts upon which
13 the grievance is based.

14 **19.4(b)** Reference to the section or sections of the Agreement alleged
15 to have been violated.

16 **19.4(c)** The correction sought.

17 The grievance shall be signed by the designated representative of the Union
18 or the designated representative of the Company. If no settlement is
19 reached within ten (10) workdays (unless mutually extended) from the
20 submission of the grievance to the designated representative of the
21 Company or the designated representative of the Union, as the case may be,
22 both shall sign the grievance and indicate that it has been discussed and
23 reconsidered by them and that no settlement has been reached. Within ten
24 (10) workdays thereafter either party may in writing request that the matter
25 be submitted to an arbiter for a prompt hearing as hereinafter provided in
26 Sections 19.6 to 19.9, inclusive.

27 **Section 19.5 Retroactive Compensation.**

28 Grievance claims involving retroactive compensation shall be limited to
29 thirty (30) calendar days prior to the written submission of the grievance to
30 Company representatives, provided, however, that this thirty (30)-day
31 limitation may be waived by mutual consent of the parties.

32 **Section 19.6 Selection of Arbiter – By Agreement.**

33 In regard to each case reaching Step 4, the parties will attempt to agree on
34 an arbiter to hear and decide the particular case. If the parties are unable to
35 agree to an arbiter within ten (10) workdays after submission of the written
36 request for arbitration, the provisions of Section 19.7 (Selection of Arbiter -
37 From Arbitration Panel) shall apply to the selection of an arbiter.

38 **Section 19.7 Selection of Arbiter – From Arbitration Panel.**

39 Immediately following execution of this Agreement the parties will proceed
40 to compile a list and agree upon three (3) separate panels of arbiters, one (1)
41 panel each for Puget Sound, Portland, and Wichita. The Portland and

1 Wichita panel shall be comprised of five (5) arbiters and, Insofar as
2 practicable, the arbiters on each panel shall be located in the general vicinity
3 of the location identified with the title of their panel. Assignment of cases to
4 arbiters on the Portland and Wichita panels shall be rotated in the
5 alphabetical order of the last names of those available on the panel. The
6 Puget Sound panel shall be comprised of six (6) arbiters and insofar as
7 practicable, the arbiters shall be located in the general vicinity of the Puget
8 Sound location. Assignment of cases to arbiters shall be accomplished by
9 the parties taking turns in striking a name from the panel until one (1) name
10 remains. The arbiter whose name remains shall be the arbiter for that case.
11 The right to strike first shall be alternated between the parties on a case-by-
12 case basis. If a case reaches Step 4, and the parties are unable to agree to
13 an arbiter within the time limit specified in Section 19.6, the case shall be
14 heard and settled by an arbiter on the panel geographically identified with
15 the grievance, if available. An available arbiter is one who is available to
16 conduct a hearing within sixty (60) days (unless mutually extended) after
17 expiration of the time limit specified in Section 19.6.

18 **Section 19.8 Procedure Where Corporate Panel Arbiter Not Available.**

19 In the event, as to any case, that there is no available arbiter on the
20 applicable Corporate Panel, the parties shall jointly request the American
21 Arbitration Association to submit a panel of seven (7) arbiters. Such
22 request shall state the general nature of the case and ask that the nominees
23 be qualified to handle the type of cases involved. When notification of the
24 names of the panel of seven (7) arbiters is received, the parties in turn shall
25 have the right to strike a name from the panel until only one (1) name
26 remains. The remaining person shall be the arbiter. The right to strike the
27 first name from the panel shall be determined by lot.

28 **Section 19.9 Arbitration – Rules of Procedure.**

29 Arbitration pursuant to Step 4 shall be conducted in accordance with the
30 following:

31 **19.9(a)** The arbiter shall hear and accept pertinent evidence submitted
32 by both parties and shall be empowered to request such data as he/she
33 deems pertinent to the grievance and shall render a decision in writing
34 to both parties within fifteen (15) days (unless mutually extended) of
35 the completion of the hearing.

36 **19.9(b)** The arbiter shall be authorized to rule and issue a decision in
37 writing on the issue presented for arbitration, which decision shall be
38 final and binding on both parties.

39 **19.9(c)** The arbiter shall rule only on the basis of information
40 presented in the hearing before him/her and shall refuse to receive any
41 information after the hearing except when there is mutual agreement, in
42 the presence of both parties.

1 **19.9(d)** Each party to the proceedings may call such witnesses as may
2 be necessary in the order in which their testimony is to be heard. Such
3 testimony shall be limited to the matters set forth in the written
4 statement of grievance. The arguments of the parties may be supported
5 by oral comment and rebuttal. Either or both parties may submit
6 written briefs within a time period mutually agreed upon. Such
7 arguments of the parties, whether oral or written, shall be confined to
8 and directed at the matters set forth in the grievance.

9 **19.9(e)** Each party shall pay any compensation and expenses relating
10 to its own witnesses or representatives.

11 **19.9(f)** The Company and the Union shall, by mutual consent, fix the
12 amount of compensation to be paid for the services of the arbiter. The
13 Union or the Company, whichever is ruled against by the arbiter, shall
14 pay the compensation of the arbiter including his/her necessary
15 expenses.

16 **19.9(g)** The total cost of the stenographic record (if requested) will be
17 paid by the party requesting it. If the other party also requests a copy,
18 that party will pay one-half of the stenographic costs.

19 **Section 19.10 Extension of Time Limits by Agreement.**

20 Time limits designated in this Article 19 for processing grievances and for
21 bringing a matter to arbitration may only be extended by mutual written
22 consent.

23 **Section 19.11 Agreement Not to Be Altered.**

24 In arriving at any settlement or decision under the provisions of this Article
25 19, neither the parties nor the arbiter shall have the authority to alter this
26 Agreement in whole or in part.

27 **Section 19.12 Conferences During Working Hours.**

28 All conferences resulting from the application of provisions contained in
29 this Article 19 shall be held during working hours.

30 **Section 19.13 Business Representative, When Not Available, May
31 Authorize Designee.**

32 For any period that the business representative is unavailable to serve in that
33 capacity under this Article 19, he/she may designate an accredited steward
34 or another accredited business representative to act for him/her, as his/her
35 designee. As to each such period of unavailability, authorization of the
36 designee will be accomplished by the business representative informing the
37 appropriate Company representative of the expected period of the business
38 representative's unavailability and naming the designee. When the business
39 representative again is available to perform his/her duties under this Article
40 19, he/she shall promptly notify the Company representative of the fact and

1 such notice will terminate the period during which the designee is
2 authorized to act.

3 **Section 19.14 Signing Grievance Does Not Concede Arbitrable Issue.**

4 The signing of any grievance by any employee or representative either of
5 the Company or of the Union shall not be construed by either party as a
6 concession or agreement that the grievance constitutes an arbitrable issue,
7 that other claims or defenses may not be raised, or that the grievance is
8 properly subject to the grievance machinery under the terms of this Article
9 19.

10 **Section 19.15 Union Jurisdictional Claims.**

11 Union jurisdictional claims arising under the provisions of Section 1.3 of
12 this Agreement, except those identified in Section 1.3(f), shall be handled
13 pursuant to the provisions of Section 19.4 and Sections 19.6 through 19.14,
14 inclusive, except that the following requirements shall apply:

15 **19.15(a)** The written statement of grievance shall identify the job
16 involved, state the Union's contention or contentions in detail, and shall
17 contain a detailed statement of the reasons for the position taken by the
18 Union.

19 **19.15(b)** If the Company and the Union are unable to agree upon the
20 contents and scope of the record to be presented to the arbiter, either
21 party may present to the arbiter whatever evidence, testimony and
22 written argument it deems relevant to the question to be submitted to
23 the arbiter. A written summary of such evidence, testimony and written
24 argument will be submitted to the other side at least ten (10) days in
25 advance of the hearing.

26 **19.15(c)** If the parties are unable to agree upon the question that it is to
27 be submitted to the arbiter for decision, the question to be submitted to,
28 and answered by, the arbiter shall be:

29 "On the basis of the evidence, information, and arguments
30 submitted by the parties in reference to the Union's contention in
31 this case, is the Company violating Article 1, Section 1.1,
32 paragraphs 1.1(a), 1.1(b), 1.1(c), or 1.1(d)?"

33 **19.15(d)** The arbiter shall answer the question submitted to him/her
34 under Section 19.15(c) or the agreed statement of the issue presented
35 by both parties. The arbiter's answer shall either be in the affirmative
36 or the negative. The arbiter shall confine the proceedings before
37 him/her to the questions presented to him/her in accordance with this
38 Section 19.15 and he/she shall not have authority to specify any change
39 in a job or any change in the work assignments under a job or the
40 creation of a new job or any other remedy or type of award.

1 **19.15(e)** If the arbiter's answer sustains the Union's contention, the
2 Company shall, within thirty (30) days (or any longer period to which
3 the parties may mutually agree) after receiving the arbiter's decision,
4 take whatever corrective action is necessary to eliminate the basis for
5 the Union's jurisdictional claim in the particular case.

6 **19.15(f)** Any resolution of any claim or controversy under Section 1.3,
7 whether by mutual agreement or by arbitration, that requires corrective
8 action on the part of the Company shall be prospective in effect from
9 the date of the corrective action taken by the Company.

10 **ARTICLE 20**
11 **QUALITY THROUGH TRAINING**

12 **Section 20.1 Mutual Objective.**

13 The Union and Company agree that it is to their mutual benefit, in a
14 competitive global economy and environment of rapid technological
15 innovation and change, to work together to improve the quality of worklife
16 and productivity. The parties, utilizing participative principles, will offer a
17 diverse range of opportunities for training, retraining, and personal growth
18 to enhance employee development and satisfaction and support increased
19 market share and improved economic performance of the Company.

20 **Section 20.2 IAM/Boeing Quality Through Training Program.**

21 **20.2(a) Purpose.** It is the intent of the parties to develop and
22 implement a wide variety of mutually agreeable training, education,
23 and learning programs and services as well as support for other joint
24 activities. These activities will include efforts to ensure Union and
25 management representatives are trained in participative, cooperative
26 techniques and concepts. Therefore, the IAM/Boeing Quality Through
27 Training Program (QTTP) exists to support the parties' mutual
28 objectives and will target training: (1) for employees who may be
29 impacted or their job duties and responsibilities affected by technology
30 changes and/or job combinations; (2) for employees who wish to meet
31 their individual career/personal development goals; (3) for laid-off
32 employees to enable them to become better qualified for employment
33 within or outside the Company; and (4) to enhance employee
34 workplace knowledge and skills (academic, employability,
35 occupational and technical).

36 **20.2(b) IAM/Boeing Joint Programs National Governing Board**
37 **and Executive Directors.** General direction and guidance of the
38 IAM/Boeing Quality Through Training Program (QTTP) shall be the
39 responsibility of the IAM/Boeing Joint Programs National Governing
40 Board (Governing Board) as described in the parties' Letter of
41 Understanding No. 26, entitled Administration of Joint Programs, and
42 the parties' Letter of Understanding No. 18, entitled Expenditure of

1 Funds Under Article 16 and Article 20. The Governing Board's
2 responsibilities also include determining the extent to which funding
3 should be expended on paid time training for employees who may be
4 impacted by technology changes and job combinations. Oversight of
5 day-to-day operations of QTTP and coordination of QTTP
6 administrative staff activities, as directed by the Governing Board, shall
7 be the responsibility of the IAM/Boeing Joint Programs Executive
8 Directors as described in the parties' Letter of Understanding No. 26.

9 **20.2(c) IAM / Boeing Quality Through Training Program (QTTP)**
10 **Administrative Staff.** In support of the QTTP purpose as outlined in
11 Section 20.2(a), the staff will be responsible for developing,
12 recommending, and implementing training programs which may be site
13 specific or program wide. The IAM/Boeing Quality Through Training
14 Program (QTTP) Administrative Staff is described in the parties' Letter
15 of Understanding No. 26, Sections C and D.

16 **20.2(d) Training Programs.** QTTP, by working together with line
17 organizations, Union representatives, and subject matter experts, will
18 identify education, training and retraining needs to support IAM
19 bargaining unit employees. QTTP will design, develop and implement
20 training, education and learning strategies to support those needs by
21 working closely with the appropriate organizations both within and
22 outside the Company. Program activities may include: (1) identifying
23 areas of skills which will be required by the Company in the future and
24 develop courses to provide those skills; (2) establishing education and
25 training programs so that participants can become aware of growth
26 opportunities, identify their career/personal development goals and
27 create action plans to reach those goals; (3) developing criteria for
28 selecting candidates for training; (4) establishing criteria to determine
29 successful completion of the courses; (5) developing a system to record
30 successful completion for future consideration. The recommended
31 training programs will be developed, to the extent feasible, to be
32 compatible with the Company's existing training programs. In order to
33 accomplish these activities the QTTP staff will: (1) make decisions
34 regarding training delivery systems/processes (e.g., technical schools,
35 community colleges, home study programs, in-plant skill centers,
36 Employee Development Resource Centers, etc.); (2) evaluate the
37 effectiveness of such training programs and courses and the delivery
38 systems utilized; (3) develop communication programs to inform active
39 and laid-off employees about the availability and purpose of the
40 training programs and encourage employees to participate in and
41 successfully complete the available training; and (4) investigate the
42 availability of state and federal funds which could be used to augment
43 training, placement, relocation and support services for active and laid-
44 off workers. In addition to developing training programs for laid-off

1 employees to enable them to become better qualified for employment
2 by the Company, the staff also will consider special programs to assist
3 laid-off employees in career advising and job placement for non-
4 Boeing jobs.

5 **20.2(e) Apprenticeship.** As approved by the National Governing
6 Board, QTTP will support Apprenticeship programs. IAM/Boeing
7 Apprenticeship programs in Kansas, Washington and Oregon will be
8 under the direction of the Joint Apprenticeship Committees and
9 administered by QTTP.

10 **20.2(f) Expenditure of Funds.** The Company will provide the
11 necessary funds in support of the IAM/Boeing Quality Through
12 Training Program's activities which may include tuition, facilities, staff
13 administration, communications, equipment, materials, on-hour training
14 and such other expenses as may be agreed to by the Governing Board.
15 The details of such funding are described in the parties' Letter of
16 Understanding No. 18, entitled Expenditure of Funds under Article 16
17 and Article 20.

18 **20.2(g) Disputes.** Disputes concerning QTTP or its operation or the
19 selection of candidates may be referred by the Joint Programs
20 Executive Directors to the Governing Board for final resolution. No
21 matter involving QTTP will be subject to the grievance and arbitration
22 procedure of Article 19 of this Agreement.

23 **Section 20.3 Tuition Fees.**

24 The payment of tuition/fees (to the extent such payment is not available
25 from a governmental agency) will be provided for an employee who
26 voluntarily participates in a course or training program approved by QTTP.

27 **20.3(a)** Participation under the provision of this Section 20.3 shall be
28 subject to the following:

29 **20.3(a)(1)** Application for such participation shall be made on
30 forms provided by QTTP or the Company and shall be in
31 accordance with applicable guidelines.

32 **20.3(a)(2)** Reimbursement shall under no circumstance be
33 considered as compensation to the employee or as part of wage or
34 wages by the Company, except as required by law.

35 **20.3(a)(3)** Employees eligible for educational funding from a
36 government agency must apply for and utilize those resources prior
37 to being eligible for funding under Education Assistance.

1
2 **ARTICLE 21**
MISCELLANEOUS

3 **Section 21.1 Inventions.**

4 **21.1(a)** Employees shall be permitted to retain ownership of an
5 invention conceived or developed by them if the invention (a) was
6 developed entirely on the employee's own time and the invention is one
7 for which no equipment, supplies, facilities, or trade secret information
8 of the Company was used; and (b) does not (i) relate directly to the
9 business of the Company or to the Company's actual or demonstrably
10 anticipated research or development, or (ii) result from any work
11 performed by the employees for the Company. All other inventions
12 shall be the property of the Company, and employees shall assist the
13 Company in the protection of such inventions as directed by the
14 Company.

15 **21.1(b)** No employee shall be required, as a condition of employment
16 or continued employment, to sign an invention agreement which
17 contravenes the provisions of Section 21.1(a).

18 **Section 21.2 Financial Awards.**

19 The Company and the Union agree that bargaining unit employees will be
20 eligible to participate in the Boeing Cash Award Program, effective January
21 2006, as defined in the Boeing Cash Award Program administrative guide.
22 Awards are a one time payment to recognize individual or team
23 accomplishments. The purpose of this program is to permit timely cash
24 payments to recognize individual or team accomplishments that are the
25 result of extraordinary performance or performance that exceeds job
26 expectations. The Union will be notified of Boeing Cash Awards that are
27 made to bargaining unit employees. The Company reserves the right to
28 amend, modify, and/or discontinue the Boeing Cash Award Program at any
29 time.

30 **Section 21.3 Sabotage.**

31 The Union agrees to report to the Company when it has knowledge of any
32 acts of sabotage or damage to or the unauthorized or unlawful taking of
33 Company, government, customer or any other person's or employee's
34 property. The Union further agrees, if any such acts occur, to use its best
35 efforts in assisting to identify and apprehend the guilty person or persons.

36 **Section 21.4 Nondiscrimination.**

37 All terms and conditions of employment included in this Agreement shall
38 be administered and applied without regard to race, color, religion, national
39 origin, status as a disabled or Vietnam era veteran, age, gender, or the
40 presence of a disability, except in those instances where age, gender, or the
41 absence of a disability may constitute a bona fide occupational

1 qualification. If administration and application of the contract is not in
2 contravention of federal or state law such administration or application shall
3 not be considered discrimination under this Section 21.4. Notwithstanding
4 any other provision of this Section 21.4 or of this Agreement, a grievance
5 alleging a violation of this Section 21.4, shall be subject to the grievance
6 procedure and arbitration of Article 19 only if it is filed on behalf of and
7 pertains to a single employee. Class grievances based on alleged violation
8 of this Section 21.4 shall not be subject to the grievance procedure and
9 arbitration under Article 19 of this Agreement.

10 **Section 21.5 Security Interviews.**

11 Each employee has the right, during a Security interview which the
12 employee reasonably believes may result in discipline, to request the
13 presence of his/her shop steward, if the shop steward is available. If his/her
14 shop steward is not available, such employee may request the presence of
15 another immediately available shop steward. If a shop steward, pursuant to
16 the employee's request, is present during such an interview, the shop
17 steward, in addition to acting as an observer, may, after the Security
18 representative has completed his/her questioning of the employee, ask
19 additional questions of the employee in an effort to provide information
20 which is as complete and accurate as possible. The shop steward shall not
21 obstruct or interfere with the interview.

22 **Section 21.6 Employee Assistance.**

23 The parties will cooperate in expanding employee assistance programs in
24 order to promote the health and well-being of the workforce. These
25 programs include the following:

26 **21.6(a) Wellness Programs.** The Company will emphasize programs
27 to improve the health and wellness of the workforce. Examples would
28 include health monitoring, exercise, hypertension classes, weight loss
29 programs and stop-smoking classes.

30 **21.6(b) Comprehensive Child and Elder Care Program.** The
31 Company will establish a comprehensive child and elder care program.
32 This program will consist of referrals of employees to licensed care
33 facilities, consultation with employees to determine individual needs
34 and providing educational materials and programs. To further the
35 objectives contained in this section, the Company agrees to establish a
36 flexible account to fund child and elder care.

37 **21.6(c) Joint Company-Union Alcohol and Drug Dependency**
38 **Program.** The parties recognize that drug and alcohol usage can
39 adversely affect an employee's job performance and the maintenance of
40 a safe and productive work environment and can undermine public trust
41 and confidence in the Company's products. Accordingly, they agree to
42 cooperate in substance abuse awareness and education. This will be in

1 conjunction with the Joint Company-Union Alcohol and Drug
2 Dependency Program. The details of the Program are described in the
3 parties' Letter of Understanding No. 7, entitled Joint Company-Union
4 Alcohol and Drug Dependency Program.

5 **Section 21.7 Subcontracting.**

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

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

32 To enable the Union Site Representatives to suggest alternatives that would
33 allow the retention of work within the bargaining unit, the Company will, at
34 least one hundred eighty (180) days prior to signing the subcontract or
35 offloading the work, provide notice to the Union of plans to subcontract or
36 offload work then being performed by bargaining unit employees. With
37 respect to plans to consolidate work for efficiency or strategic reasons in a
38 Company facility not covered by this Agreement, the Company will provide
39 notice at least sixty (60) days prior to offloading the work then being
40 performed by bargaining unit employees. The notice will include the reason
41 for the planned subcontracting or offloading. The Company will provide the
42 Union Site Representatives with the information used by the Company’s
43 Work Movement Groups to assess the relative costs of subcontracting,

1 offloading, or performing the work in the bargaining unit. The Union will
2 keep confidential, and not disclose, any information provided pursuant to
3 this Section 21.7 which the Company designates as not subject to
4 disclosure.

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

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

22 a. Decisions made primarily for strategic considerations ("strategic
23 work placement") such as decisions to place work with foreign
24 suppliers (1) for purposes of forming or continuing key strategic
25 alliances, (2) for gaining potential access to a key market, (3) for
26 entering risk sharing arrangements, or (4) because of condition of sale
27 placements;

28 b. Decisions arising from a merger, sale, transfer, or other disposition
29 of a plant or facility or operating unit thereof;

30 c. Decisions to subcontract or offload work due to lack of capability
31 or capacity, or to prevent production schedule slippage;

32 d. Decisions to temporarily onload work or to temporarily subcontract
33 or offload work due to emergent short-term needs; or

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

40 The Company's Work Movement Group will conduct a monthly review
41 with the Union Site Representatives to discuss activities related to the

1 Company/Union oversight process and to discuss opportunities to improve
2 the process. Upon the Union's request, the Company will conduct a
3 quarterly review to share the status of the previous quarter's activities.

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

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

16 **Section 21.8 Pilot Projects.**

17 **21.8(a) Objective.** The Union and the Company agree that it is in
18 their best interest to stimulate and support long-term, broad changes
19 aimed at improving the quality of work life and productivity. This can
20 be accomplished best by active involvement of the Union and the
21 Company in planning, developing, implementing and evaluating
22 innovative programs to further these aims. Accordingly, the parties
23 shall:

- 24 1. Review and evaluate pilot projects involving innovative
25 approaches in the workplace and provide for their
26 implementation, operation and assessment;
- 27 2. Assure that pilot projects provide for employee and Union
28 involvement through the establishment of joint pilot project
29 committees to oversee project implementation, operation and
30 assessment;
- 31 3. Review experiences of other employees and unions with
32 similar activities and provide for dissemination of information;
- 33 4. Assess the impact on the pilot projects of existing work
34 practices including, but not limited to, job security,
35 compensation, job descriptions/classifications, training, and
36 work schedules;
- 37 5. Following implementation and assessment of a pilot project,
38 review the feasibility of broader application; and
- 39 6. Select consultants and other outside experts by mutual
40 agreement.

1 **21.8(b) Implementation of Pilot Projects.** The Union and the
2 Company shall meet and confer concerning implementation of any pilot
3 projects including any necessary modifications to the Collective
4 Bargaining Agreement. The details of any pilot project which is agreed
5 to by the parties shall be set forth in writing between the parties in a
6 Pilot Project Agreement and must be approved by the Directing
7 Business Representative of the unit where the project is proposed. It is
8 the intent of the parties that implementation of a pilot project will not
9 directly result in the layoff of employees or the reduction of the pay of
10 employees assigned to a pilot project and that the Company will pay for
11 costs such as training. Neither the Union nor the Company is under
12 any obligation to agree to the implementation of a pilot project.

13 **21.8(c) Review of Pilot Projects.** In addition to the on-going review
14 by a pilot projects committee, the Union and the Company will review
15 semi-annually the operation of all implemented pilot projects. While
16 the parties anticipate that any implemented pilot project will continue
17 throughout the duration of this Agreement, a pilot project may be
18 terminated at any time by mutual agreement. In addition, it is agreed
19 that following the first ninety (90) days of implementation of a project,
20 either the Union or the Company may terminate a particular pilot
21 project by giving written notice to the other, such notice to become
22 effective on the sixtieth (60th) day thereafter.

23 **21.8(d) Disputes Concerning Pilot Projects.** No dispute concerning
24 a pilot project or this Section 21.8 shall be subject to the grievance and
25 arbitration procedure of Article 19 of this Agreement except for a
26 dispute alleging a violation of a Pilot Project Agreement or the
27 approval or termination of a pilot project.

28 **Section 21.9 Technology Briefings.**

29 In order that employees can better prepare themselves for the skill
30 requirements of the future, and in fulfillment of its obligation to provide
31 information to the Union, the Company will not less than each six (6)
32 months provide a briefing to the Union of the Company's plans for the
33 introduction of technological change which may affect employees. These
34 briefings may be combined with briefings to the Hazard Communication
35 Team under Section 16.2(e). The Union and its representatives will protect
36 the confidentiality of Company sensitive and proprietary information
37 disclosed in the briefings.

38 During these briefings, the Company will inform the Union of anticipated
39 schedules of introduction of new technology, and will identify areas of skill
40 impacts. In addition, when the Company intends to implement a
41 technological improvement in its tools, methods, processes, equipment or
42 materials which could have an impact on the work performed by bargaining
43 unit employees, the Company will advise the Union of the nature and

1 location of such technological changes and the extent to which they may
2 affect the work performed by those employees.

3 The Company and the Union agree that this Section 21.9 fully sets forth the
4 Company's obligation to provide information concerning new technology
5 or any other introduction or technological improvement of new machines,
6 tools, methods, processes, equipment and/or materials. If the Union
7 requests other information related to these matters, the request will be
8 treated as a request to add additional subjects to the briefings.

9 **ARTICLE 22**
10 **WORKFORCE ADMINISTRATION**

11 **Section 22.1 Definitions.**

12 The meanings of certain terms used in this Article 22 and elsewhere in this
13 Agreement are stated below:

14 **22.1(a) Category A** - Refers to the rights of those qualified employees
15 with seniority who have been affected by a surplus:

16 **22.1(a)(1)** who have worked under or been assigned to the open
17 job title or higher classification thereof on other than a "temporary
18 promotion" basis for ninety (90) or more calendar days within or
19 immediately prior to the following time periods preceding the date
20 of selection of an eligible individual to fill the open job title:

21 A. for employees with five (5) or more years seniority, a
22 eight (8)-year period;

23 B. for employees with three (3) or more but less than five (5)
24 years seniority, a five (5)-year period;

25 C. for employees with less than three (3) years seniority, a
26 three (3)-year period

27 **22.1(a)(2)** who have on file an effective application to the
28 Personnel Section for the open job title; and

29 **22.1(a)(3)** who are on layoff or who are assigned to a lower labor
30 grade than that of the open job title; and

31 **22.1(a)(4)** who have not resigned or been terminated for reasons
32 other than layoff since holding the open job title or higher
33 classification thereof; and

34 **22.1(a)(5)** who have not been demoted from the open job title at
35 their request; and

36 **22.1(a)(6)** who have not been demoted or laid off because of not
37 being suited for work in the open job title.

1 **NOTE:** Employees will, within thirty (30) days of the effective date of
2 their layoff or downgrade, be notified of the job titles for which they
3 may have Category A eligibility. Failure of the Company to provide
4 such a notice shall not relieve the employee from his/her obligation to
5 exercise whatever Category A rights he/she may have. In establishing
6 Category A rights, qualified employees in Puget Sound who are on
7 layoff may select the Puget Sound location(s) (Seattle, the
8 Developmental Center, Frederickson, Kent, Auburn, Renton or Everett)
9 to which their Category A rights will apply. Qualified employees on
10 the active payroll may select their desired shift, and Puget Sound
11 employees may select their desired location and shift. Employees will
12 only be considered to fill openings on the shift and/or at the location so
13 designated.

14 **22.1(b) Category B** - Refers to those qualified employees:

15 **22.1(b)(1)** who are currently assigned to and have worked in the
16 next lower step in the normal line of promotion for which the
17 opening exists for the ninety (90) calendar days immediately
18 preceding the selection of an eligible individual to fill the open job
19 title, and

20 **22.1(b)(2)** who have on file an effective application to the
21 personnel section for the open job title and designated shift; and

22 **22.1(b)(3)** who have not been demoted from the open job title at
23 their request during the preceding ninety (90) days; and

24 **22.1(b)(4)** who have not been demoted because of not being suited
25 for work in the open job title during the preceding twelve (12)
26 months.

27 **22.1(c) Downgrade** - Refers to the reclassification of an employee to a
28 lower labor grade.

29 **22.1(c)(1) Employee Requested Downgrade** - refers to a
30 downgrade initiated by the employee. (An employee who
31 expresses a desire for an employee-requested downgrade may have
32 his/her steward or business representative present during any
33 formal discussion of the proposed action.)

34 **22.1(d) Effective Application** - Refers to an application for work in an
35 open job title by an employee at his/her assigned primary or remote
36 location or by an employee on layoff at the primary or remote location
37 from which he/she was most recently assigned. Such application shall
38 become effective within five (5) workdays after it is received by
39 Personnel Records. Category B applications will remain in effect until
40 cancelled or changed at the employee's request, or until such time as
41 the employee is reclassified to the job title, or the employee rejects an

1 offer of a job for which he/she has filed or the employee is relocated to
2 a different Primary Location covered by this Agreement, whichever
3 occurs first. Category A applications will remain in effect for the
4 duration of Category A eligibility unless cancelled or changed at the
5 employee's request, or until such time as the employee is returned from
6 layoff, or the employee is reclassified to the job title, or the employee is
7 extended an offer, or rejects an offer of a job for which he/she has filed
8 or the employee is relocated to a different primary location covered by
9 this Agreement, whichever occurs first. An employee who rejects a job
10 offer for which he/she has downgrade rights and elects layoff may not
11 file a Category A application, to the job offered and rejected. If such
12 rejection of job offer does not result in layoff, there will be no
13 requirement that he/she again be considered for that job title unless the
14 employee refiles an application at any time ninety (90) or more
15 calendar days after he/she declines the job offer.

16 **NOTE:** In establishing Category B rights, qualified employees in the
17 Puget Sound area shall select the Puget Sound location(s) (Seattle, the
18 Developmental Center, Frederickson, Kent, Auburn, Renton or
19 Everett), and the shift to which their Category B rights will apply.

20 **22.1(e) Emergency Classification** - Refers to the temporary
21 reclassification of an employee when the Company finds it necessary to
22 assign a higher-graded employee to perform lower-graded work.
23 Subject to the provisions of Section 22.6(b), such employees shall gain
24 downgrade rights. In each instance the employee will be notified at
25 time of assignment and the Union notified and the employee
26 reclassified when the assignment exceeds thirty (30) calendar days.
27 The Company shall provide the Union with an updated list of
28 employees who are emergency classified on a monthly basis.

29 **22.1(f) Job Title or Job** - Refers to, as a composite unit, The Boeing
30 Company title, number, and description of the job.

31 **22.1(g) Job Family** - Refers to two (2) or more jobs having the same
32 job title number, except for that part of the job title number that
33 identifies the labor grade level of the job.

34 **22.1(h) Lateral Reclassification** - Refers to the reclassification of an
35 employee from one job title to another job title in the same labor grade.

36 **22.1(i) Lateral Transfer** - Refers to the transfer of an employee from
37 one organization to another without change of job title.

38 **22.1(j) Normal Line of Promotion** - Refers to the channel of
39 promotion established by the Company from one job title to another,
40 within the same job family. A complete initialed and dated list of job
41 titles as of the effective date of this Agreement has been furnished to

1 the Union, and the Company has retained a copy of such initialed and
2 dated list. The channels of promotion as established by the Company
3 are in accordance with such list.

4 **22.1(k) Normal Line of Promotion Designated Candidates** - Refers
5 to a less senior employee selected to fill a normal line of promotion
6 opening. Normal line of promotion designated candidates will be
7 limited to 0.75 percent of the bargaining unit headcount at Seattle-
8 Renton, Wichita and Portland, determined separately on January 1 and
9 July 1 of each year for use during the succeeding six (6)-month period.
10 The promotion of designated candidates is not subject to the grievance
11 and arbitration procedure.

12 **22.1(l) Open Job Title** - Refers to a job title in which the Company
13 determines, subject to Section 22.7, that additional employees are
14 needed in excess of those assigned to such job title:

15 **22.1(l)(i)** by returning employees from leave of absence; or

16 **22.1(l)(ii)** by reclassifying apprentices; or

17 **22.1(l)(iii)** by lateral transfer; or

18 **22.1(l)(iv)** by lateral reclassification; or

19 **22.1(l)(v)** by transferring employees involving lateral
20 reclassifications; or

21 **22.1(l)(vi)** by downgrading or demoting employees on the active
22 payroll; or

23 **22.1(l)(vii)** by temporary promotion; or

24 **22.1(l)(viii)** by transferring employees from one Primary Location
25 or Remote Location to another Primary Location or Remote
26 Location; or

27 **22.1(l)(ix)** by returning employees to the bargaining unit from
28 non-supervisory positions outside the bargaining unit; or

29 **22.1(l)(x)** by emergency classification; or

30 **22.1(l)(xi)** by returning employees from disability retirement or
31 who have been demoted or laid off due to the employee's medical
32 recommendation.

33 The Company may make such assignments, transfers, changes,
34 downgradings and demotions, and temporary promotions, without
35 restriction except with regard to certain Category A employees as
36 provided in Section 22.7 and except as otherwise hereinafter provided
37 in this Article 22.

1 **22.1(m) Opening** - Refers to a single unfilled job in an "open job title"
2 and the opening shall be deemed to be closed at the time the Personnel
3 Section designates the eligible individual or employee entitled to
4 consideration for the job.

5 **22.1(n) Organization** - Refers to an alpha/numerically identified
6 segment of the Company.

7 **22.1(o) Promotion** - Refers to the action of the Company in moving
8 an employee from his/her current labor grade to a higher labor grade.

9 **22.1(p) Surplus** - Refers to an action involving reduction in force
10 within a job title which action results in a layoff, downgrade or lateral
11 of affected employees.

12 **22.1(q) Temporary Promotion** - Refers to a promotion remaining in
13 effect for a period of not more than thirty (30) consecutive calendar
14 days, or for ninety (90) consecutive calendar days if the promotion is a
15 direct replacement for an employee on medical leave of absence, travel
16 assignment, or temporary supervisory assignment, or for such longer
17 period as may be designated by mutual agreement between the
18 Company and the Union. The Union Business Representative shall be
19 provided with notification of temporary promotions that are estimated
20 to be in effect for thirty (30) or more calendar days prior to or
21 coincident with the effective date of such promotions. The foregoing
22 time period limitation will not apply in instances where an employee is
23 on travel assignment. Repetitive temporary promotions shall not be
24 used to fill a permanent job opening.

25 **22.1(r) Employee Requested Transfer (ERT) System** - A system
26 which allows Company employees to be considered for open job titles
27 and lateral transfers within the bargaining unit. A pool of candidates
28 will be established through application of minimum criteria developed
29 by the Company and administered through the IAM/Boeing Joint
30 Programs.

31 **NOTE:** In the event an employee declines to accept an offer for a job
32 for which he/she has filed an effective application, there will be no
33 requirement that he/she again be considered for that job unless the
34 employee refiles an application at any time ninety (90) or more
35 calendar days after he/she declines the offer.

36 **Section 22.2 Surplus Procedures - "Retentions" - Definition.**

37 The surplus procedures later specified in this Article 22 make various
38 references to the use by the Company of "retentions." A "retention" is the
39 retaining, in a job title in which a surplus has been declared by the
40 Company, of an individual whose seniority position would have caused
41 him/her to have been surplusd while some other employee or employees

1 with greater seniority are surplus. In each instance the retained employee
2 will be designated, at the time the retention is used, to be retained in the job
3 title rather than to have him/her affected by the surplus action. The retained
4 employee shall be notified of his/her retention status and shall retain that
5 status for the remainder of the six (6)-month period in which he/she is so
6 designated unless such designation, within such period, is cancelled or is
7 reassigned by the Company to a more senior employee in the same job title.
8 Also, prior to the time that any further surplus is declared in such job title,
9 and whether within such six (6)-month period or thereafter, the retainee (or,
10 after such six (6)-month period, the previous retainee) may be replaced in
11 the job title by a more senior employee concurrent with the latter's
12 downgrade to the job title. If such replacement occurs within the six (6)-
13 month period, the Company shall be required to transfer such retention
14 status to the downgraded senior employee. In instances where the replaced
15 employee is not a current retainee, the most junior employee will be
16 replaced. The Union will be notified of retention usage and may appeal to
17 the site senior Human Resources representative or designee any perceived
18 misapplications of this retention procedure. The site senior Human
19 Resources representative or designee will have thirty (30) days to review
20 the facts and correct any misapplications of this procedure.

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

22 **22.3(a) Periods Used for Making Computations.** For purposes of
23 determining the allowable number of retentions and using and applying
24 such retentions, calendar six (6)-month periods shall be used, the first
25 period in each year to be from January 1 to June 30, inclusive, and the
26 second period to be from July 1 to December 31, inclusive.

27 **22.3(b) Allowable Number – By Location.** For each such period the
28 number of allowable retentions shall be determined separately for each
29 of the following "locations": Seattle-Renton; Wichita; and Portland.
30 At each such location, the number of allowable retentions for the
31 applicable six (6)-month period will be four and one-half (4.5) percent
32 of the bargaining unit head count at the beginning of the period.

33 **22.3(c) Allowable Usage.** At each location the use of the number of
34 allowable retentions for the applicable six (6)-month period shall be in
35 accordance with the following:

36 **22.3(c)(1)** Three (3) levels of seniority will be identified: (a) zero
37 (0) years through nine (9) years, (b) ten (10) years through fourteen
38 (14) years and (c) fifteen (15) years or more. The total retentions
39 in all three (3) levels shall not exceed four and one-half percent
40 (4.5), subject to Subparagraph 22.3(c)(3).

41 **22.3(c)(2)** Retentions shall apply only as against another employee
42 in the same seniority level, subject to Subparagraph 22.3(c)(3).

1 **22.3(c)(3)** An additional one (1) percent number of retentions (one
2 (1) percent in addition to the four and one-half (4.5) percent
3 allowed by Section 22.3(b)) may be used in each such six (6)-
4 month period at each such location only to retain (a) an employee
5 in Labor Grade 5 or above as against another employee who is in a
6 higher seniority level; or (b) an employee assigned to a program
7 having restricted access limitations.

8 **22.3(c)(4)** Retentions described in Subparagraph 22.3(c)(3) will be
9 accounted for separately and the Union will be advised of the
10 reason the retention has been designated.

11 **22.3(d) Computations – Fractional Results.** In applying the
12 percentages and making the computations under this Section 22.3, the
13 number of allowable retainees shall be computed to the nearest whole
14 number and a fraction of one-half (1/2) or more shall be treated as one
15 (1).

16 **Section 22.4 Surplusing Procedures - Use of Allowable Retentions Not**
17 **Subject to Challenge.**

18 The Company's use of retentions in the number allowed under Section 22.3,
19 or the surpluses resulting from the application and use of such retentions,
20 shall not be subject to challenge or to grievance procedure.

21 **Section 22.5 Surplusing Procedures – Order of Surplusing.**

22 In the event that the Company determines that there is an excess of
23 employees in a job title at a particular Company location, the order of
24 surplus of such excess will, subject to the use of retentions as defined in
25 Sections 22.2 and 22.3, be in reverse seniority order in such job title at the
26 primary or remote location where the surplus has been declared.

27 **Section 22.6 Surplusing Procedures – Rights as to Downgrade.**

28 Each employee upon being subject to surplusing action will have the right
29 to be downgraded to the highest of the following:

30 **22.6(a)** To a lower job title which is not lower than the next lower job
31 title in his/her job family or previously held job families or,

32 **22.6(b)** To the highest-graded job title, including emergency
33 classification, held for ninety (90) or more consecutive calendar days
34 during the preceding eight (8)-year period.

35 The foregoing will apply providing work is being performed in such
36 lower job title applicable to Section 22.6(a) above or in the job title
37 applicable to Section 22.6(b) above and providing further that his/her
38 seniority entitles him/her to such placement when compared with the
39 seniority of employees (other than retainees or stewards) in such job
40 titles or of those employees who are Category A candidates for such
41 job titles. If such an employee rejects a job offer for which he/she has

1 downgrade rights and prefers layoff, he/she can so elect but he/she
2 relinquishes Category A rights, to the job offered and rejected. When
3 there is no such lower job title or where his/her seniority at the time
4 does not entitle him/her to placement referred to in Section 22.6(a) or
5 Section 22.6(b) above, he/she may be downgraded to any offered job
6 title he/she will accept, or laid off. Reclassifications involving
7 employees and the rights of such employees in connection with
8 surplus procedures will be subject to the Category A rights of others
9 to the extent provided in Section 22.7.

10 **NOTE:** The provisions of Section 22.6(a) and Section 22.6(b) will not
11 apply in instances where following appropriate review, an employee
12 was removed from his/her previous job title due to medical limitations,
13 lack of qualifications or an employee requested downgrade.

14 **Section 22.7 Surplus Procedures – Preferential Rights as to Certain**
15 **Category A Employees.**

16 Employees in Category A with one (1) or more years of seniority at the time
17 of surplus from a job title, and who have held the job title (or higher
18 classification thereof) at the primary location where the transaction occurs,
19 will, for the first three (3) years of their Category A status, have the
20 preferential right to fill openings in such job title (or lower grade in the
21 same job family) as against all other individuals, except as to the following:

22 **22.7(a)** Senior employees moved into the job title, whether by lateral
23 reclassification, downgrade or emergency classification.

24 **22.7(b)** Junior employees moved into the job title on a temporary basis
25 by lateral assignment, reclassification or downgrade for not to exceed
26 thirty (30) calendar days, or for ninety (90) calendar days when agreed
27 upon by the Company and the Union, if requested by the Company for
28 conditions such as surplus mitigation and maintaining production
29 health, but not for the purpose of filling open requirements. Agreement
30 will not be unreasonably withheld. This thirty (30)-day period relating
31 to each individual assignment on a temporary basis cannot be extended
32 by the assignment of another employee to the job title on a temporary
33 basis. The Union will be notified of each such assignment or
34 reclassification.

35 **22.7(c)** Employees, whether senior or junior, assigned to the job title
36 from another Primary Location on a temporary basis for not to exceed
37 thirty (30) calendar days unless mutually extended by the parties.

38 **22.7(d)** Junior employees who are assigned to emergency
39 classification to a different occupation or job family for not to exceed
40 sixty (60) calendar days, or for ninety (90) calendar days when agreed
41 upon by the Company and the Union, if requested by the Company for
42 conditions such as surplus mitigation and maintaining production

1 health, but not for the purpose of filling open requirements. Agreement
2 will not be unreasonably withheld.

3 **22.7(e)** For those openings in Labor Grade 4 and above only, junior
4 employees in the same occupation or job family moved into the job title
5 by downgrade, if at the time of filling the opening, the Category A
6 employee has been surplus from the job title for more than thirty (30)
7 calendar days.

8 **22.7(f)** Employees, senior due to the accumulation of bargaining unit
9 seniority, returning to the bargaining unit from a supervisory or non-
10 supervisory position.

11 **22.7(g)** Employees in Aircraft On Ground (AOG) assignments such as
12 Aviation Maintenance Technician and Inspector-AOG, whether junior
13 or senior, who are assigned to any other job title on a temporary basis
14 for a period of time less than ninety (90) days. Assignments shall not
15 be used for the purpose of filling open requirements.

16 **Section 22.8 Surplus Procedures – Temporary Layoffs.**

17 Anything to the contrary in this Agreement notwithstanding, when the
18 Company determines it is necessary to reduce the number of employees
19 working within a job title at a particular location, any employees in the
20 organizations considered by the Company to have an excess number of
21 employees, who are within such job title, may be temporarily laid off for
22 not more than fourteen (14) calendar days, with or without application of
23 the procedures stated in this Agreement during such period of temporary
24 layoff. The Company agrees that the Union will be notified whenever
25 possible in advance.

26 **Section 22.9 Recall Procedures – Order of Recall of Category A**
27 **Employees from Downgrade or Layoff.**

28 The order of selection of individuals for assignment from Category A shall
29 be from those who on the date of their layoff or downgrade were Category
30 A candidates for the open job title strictly on the basis of seniority.

31 **Section 22.10 Rules Relating to Lateral Transfers and**
32 **Reclassifications.**

33 Such transfers and reclassifications shall be in accordance with the
34 following rules:

35 **22.10(a)** The Company may make lateral transfers (no change in job
36 title) from one organization to another without limitation, subject only
37 to the limitations of Section 22.7 of this Article 22 relating to
38 preferential rights as to certain Category A employees.

39 **22.10(b)** The Company may make lateral reclassifications from one
40 job title to another, or may make downgrades from one job title to

1 another, subject only to the limitations of Section 22.7 of this Article 22
2 relating to preferential rights as to certain Category A employees.

3 **22.10(c)** An employee who has been reclassified to the job title within
4 the preceding eight (8)-year period shall, in the event of surplus action
5 affecting him/her, be afforded the right to return to one of the other job
6 titles in a job family in which he/she has worked during the eight (8)-
7 year period described above, providing he/she worked in that job title
8 or family for ninety (90) or more consecutive calendar days within or
9 immediately prior to such eight (8)-year period, and has greater
10 seniority than another employee (not a retaineer or steward) in that job
11 title. Reclassifications involving employees and the rights of such
12 employees in connection with surplus procedures will be subject to
13 the Category A rights of others to the extent provided in Section 22.7.
14 An employee who rejects such an offer shall have the right, upon their
15 request, to be reclassified to a job title to which the employee has
16 established downgrade surplus rights described in Section 22.6. Such
17 employee shall be considered an employee accepting a downgrade and
18 shall be eligible for the provisions of Article 6, Section 6.3(d) – Rate
19 Retention and this Article 22. Such employee will not be eligible to
20 file an effective application for Category A for the rejected job.

21 **22.10(d)** Any employee who is laterally reclassified by the Company
22 and is within the following ninety (90) days found by the Company
23 unqualified (for reasons other than not being "physically qualified"), to
24 perform his/her new assignment shall be (1) assigned to other work in
25 the same labor grade or (2) given the opportunity of returning to his/her
26 former job title, providing, as to (2), that he/she worked in the former
27 job title for thirty (30) consecutive days or more within the year
28 preceding the reclassification to the new job and his/her seniority will
29 support his/her return to the former job title. In the event an employee
30 is holding a higher graded job classification but is no longer assigned to
31 work as a lead (as defined by the Rules Governing the Application of
32 Job Descriptions), he/she shall be given the same consideration for
33 lateral transfers accorded to employees in the lower graded job
34 classification of the work being performed.

35 **NOTE:** The foregoing paragraphs Section 22.10(c) and Section
36 22.10(d) will not apply in instances where, following appropriate
37 review, an employee was removed from his/her previous job title due to
38 medical limitations or lack of qualifications.

1 **Section 22.11 Promotional Procedures¹ - Order of Filling Openings.**

2 Selection of employees or individuals for assignment to an open job title
3 shall be made in the following order (except that employees on leaves of
4 absence in excess of thirty (30) days need not be considered for promotion
5 during such leave):

6 **22.11(a)** Those employees in Category A (in relation to the open job
7 title), in accordance with Section 22.9; then

8 **22.11(b)** Those qualified Category B Employees in seniority order,
9 subject to the provisions of Section 22.1(k); then

10 **22.11(c)** Those identified through the ERT System; then

11 **22.11(d)** Those from any other sources, in any order.

12 Employees are considered releasable for an ERT after they have held their
13 present job for twelve (12) months. Exceptions may be made when deemed
14 to be in the best interests of the employee and the Company.

15 The foregoing procedure, Section 22.11(b), shall apply unless such an
16 employee is considered to be unsuitable because of physical limitations or
17 because the employee does not possess the required program access
18 credentials. Where such employees are considered to be unqualified, a
19 memorandum will be prepared setting forth the reason the employee is
20 unqualified. Two (2) copies of such memorandum will be sent to the site
21 senior Human Resources representative or designee, for transmittal to the
22 Personnel Section. One copy will be filed in the employee's folder. Where
23 an employee is considered to be unqualified for promotion, he/she shall be
24 so notified in writing and shall be considered for promotions to subsequent
25 openings under the same procedures when the factors which caused him/her
26 to be considered as unqualified no longer exist or have no bearing on the
27 subsequent openings.

28 **Section 22.12 Promotional Procedures - Graduate Apprentices.**

29 **22.12(a)** Employees, who successfully complete the requirements of
30 graduation from the Joint Apprenticeship Program, shall be
31 immediately promoted to the designated target job title of such
32 program, or in the case of the Machinist Joint Apprenticeship Program
33 or the Cellular Manufacturing Machinist Joint Apprenticeship Program,
34 to one of the designated target job titles, subject only to the following:

35 **22.12(a)(1)** Graduate Apprentices, upon graduation from the Joint
36 Apprenticeship Program, shall be deemed to have met the

¹See note to Section 22.1(a) and Section 22.1(d), regarding the definition of "effective application" as applied to promotional procedures.

1 qualifications of Section 22.6 and Section 22.10 for establishing
2 downgrade or lateral reclassification rights to the designated target
3 job title provided they are otherwise qualified.

4 **22.12(a)(2)** Graduate Apprentices assigned a target job title, who
5 are subject to surplus prior to the completion of thirty (30) days in
6 such job title shall be deemed to have met the qualifications of
7 Subparagraph 22.1(a)(1) and shall be considered as Category A for
8 return to such job title provided they are otherwise qualified.

9 **22.12(a)(3)** Graduate Apprentices not assigned to a target job title
10 upon graduation from the Joint Apprenticeship Program, who are
11 limited due to the provisions specified in Section 22.7 of this
12 Article 22 relating to preferential rights of certain Category A
13 employees shall be deemed to have met the qualifications of
14 Subparagraph 22.1(a)(1) and shall be considered as Category A for
15 return to such job title provided they are otherwise qualified.

16 **22.12(a)(4)** Graduate Apprentices assigned to a higher-graded job
17 than the target job title upon graduation from the Joint
18 Apprenticeship Program shall be deemed to have met the
19 qualifications of Section 22.1, Section 22.6, and Section 22.10 for
20 establishing Category A, downgrade, or lateral reclassification
21 rights for the target job title provided they are otherwise qualified.

22 **22.12(a)(5)** Graduate Apprentices who are assigned to the target
23 job and are subsequently promoted to a higher-graded job than the
24 target job title prior to the completion of the established time
25 periods as described in the respective sections of Article 22 shall
26 be deemed to have met the qualifications of Section 22.1, Section
27 22.6, and Section 22.10 for establishing Category A, downgrade,
28 or lateral reclassification rights for the target job title provided they
29 are otherwise qualified.

30 **22.12(a)(6)** Graduate Apprentices not assigned to the target job
31 title upon graduation from the Machinist Joint Apprentice Program
32 or the Cellular Manufacturing Machinist Joint Apprenticeship
33 Program, who are limited due to the provisions specified in Section
34 22.7 of this Article 22 relating to preferential rights of certain
35 Category A employees or who have been assigned to a higher-
36 graded job than the target job title shall be designated one of the
37 target job titles by the site senior Human Resources representative
38 or designee to one of the Machinist target jobs for the Machinist
39 Graduate or one of the Cellular Manufacturing Machinist target
40 jobs for the Cellular Manufacturing Machinist Graduate and shall
41 be deemed to have met the qualifications of Subparagraph

1 22.1(a)(1) and shall be considered as Category A for return to such
2 job title provided they are otherwise qualified.

3 **NOTE:** Entry into the Apprenticeship Program will be considered a
4 promotion for the purpose of establishing rights under the terms of
5 Article 22. Apprentices will also be ineligible for any Category A,
6 lateral reclassifications or downgrade rights they may qualify for under
7 the terms of the Collective Bargaining Agreement until graduation or
8 removal from the program.

9 **22.12(b)(1)** Target job titles of the Joint Apprenticeship Program
10 for Jig and Fixture Tool Maker, Maintenance Machinist, Model
11 Maker, Tool and Die Maker, Tool and Cutter Grinder, N/C Spar
12 Mill Operator, Industrial Electronic Maintenance Technician,
13 Machine Tool Maintenance Mechanic, Composite Manufacturing
14 Technician and Tooling Inspector are as follows:
15

Apprentice Job No.	Apprentice Job Title	Target Job No.	Target Job Title
A12XX	Apprentice Jig & Fixture Tool Maker	75508	Tool Maker B
A14XX	Apprentice Maintenance Machinist	89709	Maintenance Machinist A
A15XX	Apprentice Model Maker	03609	Model Maker B
A18XX	Apprentice Tool and Die Maker	76010	Tool and Die/Deep Draw
A19XX	Apprentice Tool and Cutter Grinder	40708	Tool Grinder A
A20XX	Apprentice N/C Spar Mill Operator	17908	Spar Mill Operator A N/C
A21XX	Apprentice Tooling Inspector	54808	Tooling Inspector B
A22XX	Apprentice Machine Tool Maintenance Mechanic	89509	Machine Repair Mechanic A
A23XX	Apprentice Industrial Electronic Maintenance Tech	87510	Electronic Maintenance Technician
A26XX	Apprentice Composite Manufacturing Technician	74808	Composite Manufacturing Technician

16 **22.12(b)(2)** Target job titles of the Joint Apprenticeship Program
17 for Machinists are as follows:

Apprentice Job No.	Apprentice Job Title	Target Job No.	Target Job Title
A13XX	Apprentice Machinist	70208	Grinder Operator A
A13XX	Apprentice Machinist	17408	Lathe Operator
A13XX	Apprentice Machinist	70808	Milling Machine Operator A
A13XX	Apprentice Machinist	C4608	N/C Multi Tool and Milling Machine Operator
A13XX	Apprentice Machinist	71908	Gear Cutting Machine Operator A
A13XX	Apprentice Machinist	C4808	Milling Machine Operator - General

1 **22.12(b)(3)** Target job titles of the Joint Apprenticeship Program
2 for Cellular Manufacturing Machinists are as follows:

Apprentice Job No.	Apprentice Job Title	Target Job No.	Target Job Title
A24XX	Apprentice Cellular Manufacturing Machinist	N0309	General Machinist
A24XX	Apprentice Cellular Manufacturing Machinist	73809	Flexible Machining System (FMS) Operator
A24XX	Apprentice Cellular Manufacturing Machinist	C3809	Machinist Assembler Precision

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

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

9 **Section 22.14 Review of Selection of Designated Candidates.**

10 A procedure for reviewing the promotion of a designated candidate is
11 provided in Section 22.15 and the application of such procedure and the
12 right to invoke it are subject to the following rules:

13 **22.14(a)** A "request for review" is a claim that a senior Category B
14 employee should have been promoted instead of a designated
15 candidate.

16 **22.14(b)** In the case of a request for review:

1 **22.14(b)(1)** The request for review shall be limited to the claim
2 that the one making the request (the senior employee) has been
3 aggrieved by the promotion of a designated candidate to the next
4 higher step in the senior employee's normal line of promotion.

5 **22.14(b)(2)** The request for review must be filed within seven (7)
6 workdays after the promotion is published in an appropriate
7 posting area.

8 **22.14(b)(3)** The senior employee must be an employee who is
9 claiming that he/she should have received the particular promotion,
10 rather than the designated candidate and the sole objective of the
11 request shall be to establish that he/she is qualified for the
12 promotion. He/she cannot make more than one (1) request in
13 either of the six (6)-month periods: January-June, inclusive; July-
14 December, inclusive.

15 **22.14(b)(4)** The senior employee must have been on his/her
16 present job for a period of not less than six (6) months immediately
17 prior to the request. Such an employee who goes on the inactive
18 payroll or on layoff shall become eligible to file a request for
19 review upon his/her return to the active payroll provided he/she
20 meets the other qualifications.

21 **22.14(b)(5)** Where more than one (1) request is addressed to or
22 based on the same promotion of a designated candidate, in
23 accordance with Subparagraph 22.14(b)(1), above, only one (1)
24 request will be permitted and that request will be on behalf of the
25 most senior employee among those filing such a request. The
26 other requests shall be deemed withdrawn.

27 **22.14(b)(6)** An applicant to an opening which opening is away
28 from his/her Primary or Remote Location is not eligible to file a
29 request for review.

30 **Section 22.15 Rules for Resolving Requests for Reviews.**

31 Requests for reviews that meet the requirements of Section 22.14 will be
32 subject to the following rules and review procedures:

33 **22.15(a)** A request for review may be submitted to the Union Relations
34 Office, or a representative thereof, either by the employee or by a
35 business representative on the employee's behalf.

36 **22.15(b)** The request must be in writing and contain the employee's
37 name, current organization and identification number; the pertinent
38 facts relating to the promotion in question; and a statement of the
39 reasons and facts which show that the senior employee is qualified.

1 **22.15(c)** The Union shall make a thorough investigation of the grounds
2 for the request for review in order to determine whether, in the Union's
3 view, there is adequate and reasonable basis for proceeding with the
4 requested review.

5 **22.15(d)** If, after such investigation, the Union determines the request
6 to be one warranting further processing, and if no agreement can be
7 reached between the Company and the Union as to a disposition of the
8 matter prior to submitting it to the Review Board, then the matter shall
9 be referred to the Review Board not later than ten (10) workdays after
10 the filing of the request for review.

11 **22.15(e)** There shall be a Review Board or Review Boards to hear and
12 determine requests for review at various Company locations. At
13 Primary Locations, the Review Board(s) will meet at least once a
14 month; a Review Board at a Remote Location will meet as necessary,
15 but no later than thirty (30) days after a request for review is filed.

16 **22.15(f)** Each Review Board shall consist of three (3) members: one
17 (1) appointed by the Union, one (1) appointed by the Company, and a
18 chairperson whose selection shall alternate between the Union and the
19 Company for each review.

20 **22.15(g)** The Board members shall be familiar with the types of work
21 involved, but to the extent practicable, such Board members shall be
22 from a different work area or organization. Neither the selecting
23 supervisor nor the senior employee shall be members of the Review
24 Board hearing his/her case, but they may be required to give testimony.

25 **22.15(h)** The Union Relations Office, or a representative thereof, shall
26 establish the time and location of meetings of the Review Board and
27 shall notify the Union of such schedule at least five (5) workdays in
28 advance. At least twenty-four (24) hours before the meeting, the
29 Review Board will be given the request for review, the work history
30 and training records and employment application of the senior
31 employee, and other information pertinent to the selection. The senior
32 employee shall be notified of the meeting, and he/she may attend and
33 testify, or submit additional written information, if he/she wishes to.

34 **22.15(i)** Each meeting of a Review Board shall be held during working
35 hours. The Company will pay the wages of its committee member, the
36 senior employee whose case is being reviewed, and the wages of the
37 Union-appointed member of the Board if he/she is an employee on the
38 active payroll. However, such Union-appointed member will only
39 receive such wages while serving on his/her assigned shift.

40 **22.15(j)** The decisions rendered by each Review Board shall be based
41 exclusively on evidence, testimony and information submitted to the

1 Board prior to and at the meeting, and the burden of proof shall be upon
2 the senior employee to establish that he/she is qualified.

3 **22.15(k)** The Company and the Union will cooperate in instructing
4 Board members to deal with each request for review fairly and
5 objectively, and without Company or Union bias.

6 **22.15(l)** At the conclusion of the meeting, each member of the Board
7 must cast a vote by secret ballot. No ballot shall be signed or otherwise
8 identifiable.

9 **22.15(m)** In the event the Board sustains a request for review, the
10 senior employee will be promoted within five (5) workdays or when
11 he/she is assigned to the higher labor grade, whichever occurs first.

12 **22.15(n)** The Company may continue to effect any adjustments in
13 personnel irrespective of pending requests for review.

14 **22.15(o)** Processing of a request for review pursuant to and in
15 accordance with Section 22.14 and this Section 22.15 shall be final and
16 binding and neither the request nor the promotion to which it relates
17 shall be subject to any other or further grievance procedure or
18 challenge.

19 **Section 22.16 Special Provisions in Regard to Remote Locations.**

20 The terms, conditions and limitations of this Article 22 shall apply to
21 employees permanently assigned to any Remote Location except that:

22 **22.16(a)** Transfers to and from such Remote Locations shall be on a
23 voluntary basis to the job offered to the employee in either instance.

24 **22.16(b)** There shall be no requirement that Primary Location
25 employees be transferred, promoted, demoted or recalled from layoff to
26 a Remote Location or that Remote Location employees be transferred,
27 promoted, demoted or recalled from layoff to a Primary Location or to
28 another Remote Location, except as noted in Section 22.16(c), below.
29 However, such employees may make application for consideration at
30 other than their assigned location.

31 **22.16(c)** If it becomes necessary to reduce the number of employees
32 working within job titles to which employees at a Remote Location are
33 assigned, the following shall apply:

34 **22.16(c)(1)** Reduction in the work force at a Primary Location
35 may be made without affecting employees assigned to any Remote
36 Location.

37 **22.16(c)(2)** Reductions in work force may be made at a particular
38 Remote Location without affecting employees working at a
39 Primary Location or any other Remote Location.

1 **22.16(c)(3)** An employee who is transferred to a Remote Location
2 from a Primary Location, and is subsequently subject, as a result of
3 surplus, to a layoff or downgrading, to a labor grade lower than
4 that labor grade to which he/she was assigned at the Primary
5 Location immediately prior to the transfer, may (subject to the
6 Category A rights of others to the extent provided in Section 22.7)
7 elect to return to the Primary Location to the labor grade to which
8 he/she was assigned immediately prior to the transfer.

9 **Section 22.17 Special Provisions in Regard to Employees on Travel**
10 **Assignments.**

11 The terms and limitations of this Article 22 shall apply to employees who
12 are being compensated for living or travel expense as provided in Article 12
13 of this Agreement or those employees who are specifically assigned to an
14 organization preparatory for such assignment or otherwise designated for
15 such assignment, except that:

16 **22.17(a)** There shall be no requirement that other employees be
17 transferred, promoted, demoted or recalled from layoff to fill job
18 openings occurring in such special assignment, or that employees on
19 such assignments be transferred, promoted or demoted as a result of job
20 openings or surplus in other locations except as noted in Section
21 22.17(b) below. However, such employees may make application for
22 consideration at other than their assigned location.

23 **22.17(b)** Where an employee is on a travel assignment and is subject
24 to layoff or downgrading from a job title to which he/she is assigned
25 while on such travel assignment to a labor grade lower than the labor
26 grade to which he/she was most recently assigned prior to the travel
27 assignment: He/she may elect to be returned to the original location, in
28 which case his/her placement shall, subject to Section 22.7, be
29 determined in the following order: (1) any job title offered by the
30 Company in a labor grade not less than the labor grade he/she held
31 immediately prior to the travel assignment; (2) the job title held
32 immediately prior to the travel assignment; (3) any other job title
33 offered by the Company which he/she accepts; (4) layoff.

34 **22.17(c)** An employee on travel assignment, who completes such
35 assignment, will be returned to the job title held preceding the travel
36 assignment unless surplus action that developed during the travel
37 assignment resulted in the surplus of senior employees who have an
38 effective application for Category A.

39 **Section 22.18 Miscellaneous.**

40 Other miscellaneous provisions of this Article 22, relating to workforce
41 administration, are as follows:

42 **22.18(a)** Transfer into or out of unit.

1 **22.18(a)(1)** The Company may transfer or promote employees
2 from any collective bargaining unit covered by this Agreement to
3 the management (supervisory) payroll.

4 **22.18(a)(2)** The Company may transfer or demote non-bargaining
5 unit employees (except those returning from the active
6 management payroll) who have accumulated seniority under
7 Section 14.1, to any collective bargaining unit covered by this
8 Agreement only to job titles they have previously held within any
9 such unit. Such transfers or demotions may be made subject to the
10 preferential rights of Category A employees to the extent provided
11 in Section 22.7.

12 **22.18(a)(3)** An employee returning from the active management
13 (supervisory) payroll of the Company, and who is accumulating
14 seniority or who has accumulated seniority in accordance with
15 Section 14.1(b) will be returned to the job last held (if populated)
16 or another job of the same labor grade or any lower grade.

17 **22.18(b)** Subject to the terms and conditions of this Agreement, and to
18 the extent not covered by such terms and conditions, the procedures
19 and rules relating to employees shall be determined by the Company.

20 **22.18(c)** As to an employee selected for a job opening on the basis of a
21 Category A effective application who fails to respond to a recall or who
22 declines to accept such an opening:

23 **22.18(c)(1)** If he/she is on layoff, he/she will lose seniority unless
24 Subparagraph 22.18(c)(3) or Subparagraph 22.18(c)(4) applies.

25 **22.18(c)(2)** If he/she is on the active payroll and he/she declines
26 for any reason to accept such an opening, his/her effective
27 application as it relates to that job title will be considered cancelled
28 but the employee may refile after a period of ninety (90) calendar
29 days.

30 **22.18(c)(3)** If he/she is on layoff and, after interview, he/she
31 declines to accept such an opening due to his/her valid assertion of
32 his/her inability to perform the particular work assignment, his/her
33 Category A effective application for that job title shall not be
34 effective until he/she refiles an application for his/her Category A
35 eligibility. The Union will be notified of all valid assertions.

36 **22.18(c)(4)** If he/she is on layoff and is advised by the Company
37 that the job identified with the opening is estimated to be for less
38 than ninety (90) calendar days duration, the employee may reject
39 such offer and maintain, irrespective of the actual duration of the
40 job, his/her Category A effective application for that job title.
41 His/Her application shall not be effective for the following thirty

1 (30)-day period for other openings estimated to be for less than
2 ninety (90) calendar days' duration.

3 **22.18(d)** Where an individual has been selected to fill an opening due
4 to his/her status as a Category A but is surplus from the job title
5 (including those treated as a completion of a temporary promotion)
6 prior to the completion of thirty (30) calendar days, such surplus date
7 will be deemed to be the last date he/she held such job title for the
8 purpose of Section 22.9.

9 **22.18(e)** An employee who has taken a disability retirement, or who
10 has been demoted or laid off due to a medical recommendation, and
11 whose medical condition subsequently improves sufficiently to allow
12 him/her to perform the required work, shall be (1) returned to his/her
13 former job title provided he/she returns within six (6) years of the date
14 he/she last worked in that job title, or (2) returned to a job title, subject
15 to the employee's medical recommendation, for which he/she has
16 established surplus rights in Article 22. The foregoing will apply
17 provided work is being performed in such job title and provided further
18 that his/her seniority entitles him/her to such placement when compared
19 to the seniority of employees (other than retainees or stewards) in such
20 job title. If his/her seniority is not sufficient to return him/her to his/her
21 job title, he/she will be granted Category A status subject to the
22 provisions of Section 22.1. His/Her Category A status will commence
23 on the date he/she would have been subject to surplus action or the date
24 on which his/her medical condition is sufficiently improved to allow
25 him/her to perform the required work, whichever occurs first.

26 **22.18(f)** Whenever practicable, affected employees will be given at
27 least twenty-four (24) hours notice prior to layoff.

28 **ARTICLE 23**
29 **LAYOFF BENEFITS**

30 **Section 23.1 Establishment of Plan.**

31 The Company will establish a Layoff Benefit Plan to provide for lump sum
32 or income continuation benefits as set forth in this Article. Such Plan will
33 apply to employees who are laid off with an effective date on or after
34 September 4, 2008.

35 **Section 23.2 Eligibility.**

36 All bargaining unit employees who have at least one (1) year of Company
37 service and who are involuntarily laid off from the Company (other than a
38 temporary layoff under Section 22.8, but including employees laid off
39 because of declining a downgrade offer as allowed under Section 22.6) are
40 eligible to receive the benefit described in Section 23.3; provided, however,
41 the following employees shall not be eligible for the benefit: employees

1 who upon their layoff become employed by a subsidiary or affiliate of the
2 Company; employees who are laid off from the Company because of a
3 merger, sale or similar transfer of assets and are offered employment with
4 the new employer; employees who are laid off because of an act of God,
5 natural disaster or national emergency; employees who are laid off because
6 of a strike, picketing of the Company's premises, work stoppage or any
7 similar action which would interrupt or interfere with any operation of the
8 Company; and employees who terminate employment for any reason other
9 than layoff, including, but not limited to, resignation, dismissal, retirement,
10 death, or leave of absence.

11 **Section 23.3 Amount and Payment of Benefit.**

12 An eligible employee's total lump sum or income continuation benefit shall
13 equal one (1) week of pay (i.e. forty (40) hours at the employee's base rate
14 plus cost of living adjustment in effect on the date of layoff, but excluding
15 any shift differentials or other premiums) for each full year of Company
16 service as of the employee's layoff date, subject to a maximum benefit of
17 twenty-six (26) weeks of pay. Eligible employees may elect either of the
18 following:

19 **23.3(a)** Benefits will be paid as a lump sum following the effective
20 date of layoff. Employees who elect this option will have all seniority
21 under Article 14 and all recall rights under Article 22 canceled.

22 **23.3(a)(i)** Income continuation benefits will be paid in eighty
23 (80)-hour increments, subject to an employee's total benefit, on
24 regular paydays beginning with the second payday following the
25 effective date of layoff. Income continuation benefits shall
26 immediately cease upon the earlier of any of the following events:
27 exhaustion of the employee's total income continuation benefit; re-
28 employment with the Company or any of its subsidiaries or
29 affiliates; failure to respond with his/her acceptance within seven
30 (7) regular workdays after dispatch by certified mail of a notice of
31 recall from layoff; failure to report to work on the date designated
32 by the Company; or change in the employee's employment status
33 from layoff to resignation, dismissal, retirement, death, or leave of
34 absence. Employees who elect this option will retain seniority as
35 described in Article 14 and will retain recall rights as described in
36 Article 22.

37 **23.3(a)(ii)** Subject to continuation of the Plan, no employee shall
38 be paid income continuation benefits more than once during any
39 three (3)-year period; provided, however, if an employee is re-
40 employed by the Company before payment of the employee's total
41 income continuation benefit and is subsequently laid off in such
42 three (3)-year period under conditions which make the employee

1 eligible for a benefit, any unused benefit will be payable to the
2 employee under the procedures established by this Article.

3 **Section 23.4 Benefit Not Applicable for Other Purposes.**

4 Periods for which an employee receives income continuation benefits shall
5 not be considered as compensation or service under any employee benefit
6 plan or program and shall not be counted toward Company service.
7 Benefits under this Article may not be deferred into the Voluntary
8 Investment Plan and shall be excluded from bargaining unit gross earnings
9 for purposes of Letter of Understanding No. 34 of this Agreement.

10 **Section 23.5 Continuation of Medical Coverage.**

11 In the event of layoff, medical coverage for employees and dependents will
12 continue until the employee is covered by any other group medical plan
13 either as an employee or as a dependent, but in no event beyond six (6)
14 months after the date of layoff. However, if the layoff occurs during or after
15 a leave of absence, the maximum total period of continued coverage is
16 thirty (30) months in the case of medical leave or twenty-four (24) months
17 in the case of non-medical leave, measured from the end of the month in
18 which the leave of absence began, irrespective of the date of termination.
19 Required contributions, if any, must be paid during any period of such
20 continuation of coverage.

21 **ARTICLE 24**
22 **DURATION**

23 This Agreement shall become effective as of the beginning of first shift on
24 November 2, 2008 (which date is the date as of which this Agreement was
25 executed, sometimes referred to as the "effective date of this Agreement")
26 and shall remain in full force and effect until midnight at the close of
27 September 8, 2012, and shall automatically be renewed for consecutive
28 periods of one (1) year thereafter (after September 8, 2012), unless either
29 party shall notify the other in writing, at least sixty (60) days but not more
30 than seventy-five (75) days prior to September 8th of any calendar year,
31 beginning with 2012, of its desire to terminate the Agreement, in which
32 event this Agreement shall terminate at midnight at the close of such
33 September 8th, unless renewed or extended by mutual written agreement.
34 In the case of such notice the parties agree to meet immediately thereafter
35 for the purpose of negotiating a new Agreement or a written renewal of this
36 Agreement.

37 On behalf of the collective bargaining unit for which, respectively, the
38 undersigned is the certified collective bargaining agent, each of the
39 undersigned as of the date stated above and as a party to the foregoing
40 Agreement hereby accepts and agrees to the terms and conditions thereof.

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**INTERNATIONAL ASSOCIATION
OF MACHINISTS AND
AEROSPACE WORKERS, AFL-CIO THE BOEING COMPANY**

By _____ By _____
Overall Boeing Coordinator Vice President
Aerospace Department Human Resources

**AEROSPACE INDUSTRIAL
DISTRICT LODGE NO. 751 DISTRICT LODGE NO. 24
IAM&AW, AFL-CIO IAM&AW, AFL-CIO**

By _____ By _____

**DISTRICT LODGE 70
IAM&AW, AFL-CIO**

By _____

**RULES GOVERNING THE APPLICATION
OF JOB DESCRIPTIONS**

The following rules shall govern the application and interpret the intent of job descriptions and will be followed when job descriptions are revised or added:

1. The Determining Duties and Responsibilities are those elements of the job which distinguish it from higher or lower-graded work. Performance of Associated or Incidental Duties and Responsibilities alone is not sufficient to determine a classification. It is intended that such associated or incidental duties shall not be distinguishing elements or determinants of a level of difficulty but are stated either for descriptive purposes or because they are integral and necessary parts of the job.
2. When an employee is temporarily assigned to work falling in a higher labor grade than his/her regular job, he/she shall be paid at the higher rate for each day or major fraction (more than one-half) thereof that he/she remains so assigned. This rule is not intended to permit regular assignment for less than a major fraction of a day to a higher-graded job without payment for that job.
3. When paragraphs under Determining Duties and Responsibilities are numbered 1, 2, 3, etc., each paragraph is considered an alternative requirement.

- 1 4. An employee normally will perform some of the work of higher-rated
2 jobs and some of the work of lower-rated jobs in the performance of
3 his/her work assignment. The normal duties of any employee may
4 include:
- 5 a. Assistance to others, including demonstration of work to be
6 performed and explanation of work area procedures. This does not
7 imply that the employee providing the assistance is responsible for
8 the quantity or quality of work of the employee being assisted.
- 9 b. The use of proper hand and power tools and special shop
10 equipment required to facilitate the work assignment.
- 11 c. The submission of his/her completed work assignment or any
12 portion thereof to inspection.
- 13 d. The reporting of any job handicaps such as errors in materials,
14 assembly procedures, tools, etc., in accordance with shop
15 procedure outlined by supervisor.
- 16 5. Work assignments shall be in accordance with established job
17 descriptions. This shall not restrict the right of the Company to alter
18 work functions or to formulate new job procedures and begin work
19 thereon in accordance with Article 13 - Labor Grades - Identification
20 and Application Of. The Company shall have the right to make work
21 assignments and require the employees to comply with such
22 assignments. This shall not prevent the employees and/or the Union
23 from processing complaints or grievances arising from alleged
24 misassignments in accordance with Section 13.14 of the Agreement.
- 25 6. An employee is required to perform the work operations and duties
26 described in or appraised as being covered by his/her job description
27 with only a normal amount of guidance.
- 28 7. Webster's New International Dictionary, Third Edition Unabridged, by
29 G. & C. Merriam Company and the Glossary of Terms and Phrases will
30 be used to establish the meaning of words and phrases used in the job
31 description.

32 **GLOSSARY OF TERMS AND PHRASES**

33 The following terms and words are given definition and meaning to clearly
34 indicate the common and consistent interpretation to be placed on them by
35 all persons using the job descriptions.

36 **1. Adapt**

37 To modify, alter or change furnished tooling to fit it for a specific need
38 without altering its basic design.

- 1 **2. Angle, Compound**
2 The angle between the two (2) non-coinciding sides of the two (2)
3 oblique angles which are in different planes and have a vertex and one
4 side in common. (Making a compound angle usually presents a
5 coordinating tolerance problem since it results from holding two (2)
6 adjoining component angles within tolerances. After the compound
7 angle is formed, its measurement with protractor, square or sine bar is
8 exactly the same as for any other angle and no more difficult.)
- 9 **3. Assembly Jigs**
10 Jigs which facilitate holding and aligning a set of parts or assemblies
11 for fabrication or assembly operations.
- 12 **4. Check, Functional**
13 To determine whether a unit or portion of a system performs the
14 function for which it is intended and, if not, whether rework or
15 alteration is required. Checks of this nature include checking lines for
16 leaks, making buzzer, bell or other continuity checks, and checking
17 response to controls as on landing gear.
- 18 **5. Check, Operational**
19 To make a complete check of an entire completed independent system.
20 (An operational check always takes place on a completely assembled
21 aircraft, missile, space vehicle or marine craft. Examples: checking
22 the complete electrical system or hydraulic control system on a
23 completed aircraft. It implies the necessity of a thorough knowledge of
24 the shop theory involved.)
- 25 **6. Composites**
26 Parts made of two (2) or more distinguishable material components
27 either metal and/or nonmetal processed under heat and/or pressure to
28 achieve a desired configuration.
- 29 **7. Contour (Curvature)**
30 A curved surface having radii of different lengths all of which lie in
31 parallel planes or the same plane, such planes being perpendicular to
32 the curved surface, or a curved line having radii of different lengths all
33 of which are in the same plane. The surface of a cone, a typical airfoil
34 surface, the curved edge of a profiled plate and the curved layout line
35 guiding the making of a router block are examples. Contour surfaces
36 composed of sections of cylinders and edges whose profile is a section
37 of a circle are excluded since the radii are the same length.
- 38 **8. Contour, Compound (Curvature)**
39 A curved surface having radii of different lengths which lie in
40 nonparallel planes. Compound curvatures are typical of stretch press

1 and drop hammer dies. The surface of a sphere or section thereon
2 would be a regular compound curvature and is excluded.

3 **9. Curvature, Reverse (Contour)**

4 Means a compound curvature that reverses its curvature so that it has
5 both concave and convex portions.

6 **10. Coordinated Tolerances, Coordinated Dimensions**

7 These expressions are used only when exacting tolerances are implied,
8 i.e., exacting tolerances are to be associated always with "coordinated
9 dimensions," "coordinated tolerances" unless modified expressly. It
10 should be understood that the mere location of a point by two (2) or
11 more reference dimensions does not in itself mean that the dimensions
12 themselves are coordinated. The following is an example of truly
13 coordinated dimensions: The precise dimensions between two (2)
14 holes must be held while at the same time the precise dimensions
15 locating each of the holes must also be held with respect to another
16 reference point or line.

17 **11. Data Input**

18 The use of any terminal or keyboard device to insert information into a
19 computer system.

20 **12. Data Retrieval**

21 The use of any terminal or keyboard device to obtain information from
22 a computer system.

23 **13. Developmental or Experimental Parts**

24 Parts intended for use on an experimental or developmental aircraft,
25 missile, space vehicle or marine craft, i.e., one of a few aircraft
26 designated as being actually or potentially subject to major
27 modification or change. These aircraft, missiles, space vehicles, or
28 marine craft are usually produced singly or in small lots using standard
29 tooling, improvised tooling, newly constructed production tooling or no
30 tooling. Use of this term in a job description does not imply a
31 particular level of difficulty unless such intention is clearly and
32 specifically indicated.

33 **14. Draw, Deep**

34 The relation of depth of draw to its other dimensions is such that it is
35 distinguished by custom from moderate or shallow draw.

36 **15. Drawing Metal**

37 The forming of sheet metal or other material by pressing it into a die
38 while at the same time retarding movement of the metal into the die by
39 mechanical holding, as with draw rings.

- 1 **16. Electronic Systems**
2 Systems utilizing interrelated devices constructed or working by the
3 methods or principles of electronics.
- 4 **17. Experimental Work, Developmental Work**
5 Experimenting with the process or operation (assembly and/or
6 fabrication) in order to develop new or improved methods, or building
7 or making new assemblies and installations where exercise of a
8 thorough knowledge of shop theory involved is necessary and further is
9 a recognizably difficult assignment which requires ingenuity to
10 accomplish the assignment satisfactorily. It does not include work
11 done by a usual or established process or operation on a part even when
12 such part is on or will later be used on an experimental or prototype
13 product.
- 14 **18. Hand Tools**
15 Hand tools normally used by the workmen in the performance of their
16 occupation, such as files, rasps, deburring tools, chisels, saws, hand
17 drills, screwdrivers, wrenches, mallets and punches.
- 18 **19. Layout**
19 The actual marking of locating and reference points and lines on the
20 material, part, tool, fixture, jig or assembly worked on. (Layout in
21 itself does not imply a high level of difficulty of skill since it can be a
22 simple work operation such as measuring a length on a piece of lumber
23 and marking a line or point at which it is to be sawed, marking lines on
24 pavement with a chalk line preparatory to painting, or scribing around a
25 furnished template on flat stock. On the other hand, layout can be a
26 difficult work operation which requires much skill, knowledge, and
27 experience to make the necessary computations, part setup, precise
28 measurements and markings, and interpretation of complex blueprints
29 such as on a complex die or casting requiring layout to establish
30 locations for coordinated hole patterns, compound angles and/or
31 irregular curvatures.)
- 32 **20. Layout of Part**
33 Marking of points and lines which will determine the exact nature and
34 dimensions of the part after machining or fabrication operations have
35 been performed. (Layout of this nature is an integral and necessary
36 step in the fabrication of the part.)
- 37 **21. Lead**
38 On the part of any classified employee to delegate as authorized, a
39 portion of his/her allocated work to employees assigned to work with
40 him/her and pass on sufficient information to enable those employees
41 to accomplish their work in a manner that will result in economy,
42 quality and efficiency.

- 1 Employees classified on jobs which include lead responsibilities will:
- 2 (a) Make detailed work allocations as instructed by the supervisor, in
 - 3 conformance with the classifications of employees being led, but
 - 4 will not make basic work assignments which affect the
 - 5 classification of employees.
 - 6 (b) Be responsible for furnishing sufficient and accurate information to
 - 7 assigned employees.
 - 8 (c) Interpret information, answer questions, review, check work and
 - 9 eliminate ordinary difficulties.
 - 10 (d) Perform the other "Determining Duties and Responsibilities"
 - 11 specified in assigned classification.

12 Employees classified on jobs which include lead responsibilities shall
13 not formally appraise the work of other employees or make, as a result
14 of solicitation by the supervisor, recommendations concerning
15 employment, release, transfer, upgrading or disciplinary action relative
16 to other employees, be directly responsible for the quantity or quality of
17 work produced by other employees, be responsible for the assignment
18 of overtime within the shop, be required to take attendance for other
19 than the purpose of making detailed work allocations, or be responsible
20 for handing out paychecks.

21 **22. Multi-Dimensional Measurement Systems**

22 Measurement systems capable of generating precision coordinate data
23 through the use of multi-dimensional techniques. These systems
24 typically utilize optics, lasers, film based or digital technologies.
25 Examples of current systems include, but are not limited, to laser
26 trackers, coordinate measuring machines, photogrammetry and
27 theodolites.

28 **23. Pickup**

29 The performance, out of usual or normal sequence, of work operations
30 which have been omitted by intention or of necessity (as part shortage
31 or rushed schedule) or by oversight (as failure to drill a hole, make a
32 cutout, or install a part). (Pickup work does not of itself establish a
33 high or higher level of difficulty since work done out of sequence is
34 very often no more difficult than when done in sequence. Therefore,
35 the level of difficulty is to be determined from the composite job
36 description and compared with the actual pickup work in question.)

37 **24. Plan Sequence of Operations**

38 To devise and develop, subject to supervisory approval, a method of
39 fabrication, assembly, installation progression, testing or inspecting,
40 etc., for an employee's given work assignment whereby subject work
41 will be accomplished in the most practical, expedient and efficient

1 manner in keeping with quality standards. It is intended to relate solely
2 to the employee's work operation and does not encompass the
3 progression of the work order to or through the department.

4 **25. Production Aids**

5 Devices such as temporary jigs and fixtures made by the worker to
6 facilitate work operations, increase production or reduce elements of
7 fatigue or strain. Production aids made into permanent tools will be
8 checked and identified by tooling organizations.

9 **26. Program**

10 A sequence of instructions that directs a computer to perform specific
11 operations to achieve a desired result.

12 **27. Repair**

13 To restore a part or assembly to its original state or utility after it has
14 been damaged by accident or by wear. It does not have the same
15 meaning as "Rework."

16 **28. Rework**

17 To undo and then do over work previously accomplished in order to
18 correct errors or make it conform to specifications. (Rework can be
19 simple or difficult according to its nature and variety, therefore, the
20 level of difficulty intended is to be determined from the composite job
21 description.)

22 **29. Setup**

23 A broad term which becomes specific only according to its usage and
24 application to machines and/or operations concerned. It includes the
25 various necessary physical work operations or steps (other than layout)
26 which must be accomplished before actual fabrication can proceed.
27 (Setup of a machine might include securing material to machine bed at
28 the proper angle for cutting, selecting, aligning and setting cutting tool
29 setting speeds and feeds, and adjusting coolant flow.) In most
30 assembly operations, setup (e.g., positioning parts) is so closely
31 intermingled with fitting and joining together that setup is not
32 customarily designated as such. This is generally true of operations
33 where machine operation is not the primary job factor.

34 **30. Shop Practice**

35 The generally accepted method of performing a basic, common, or
36 usual operation under specific conditions. It covers the knowledge
37 which is common to the occupation itself and to most manufacturing
38 shops using the operation under consideration. Besides the knowledge
39 and ability to use required hand tools and equipment, it includes
40 knowledge of general safety practices, conduct, rules of cleanliness,
41 neatness, good housekeeping and care of equipment. Used in the

1 phrase "shop practices and procedure," practice need not imply other
2 than practices or methods learned or acquired at any one shop.

3 **31. Shop Procedure**

4 The way custom and management require, wish or specify that the
5 work be performed. It includes the organizational and Company rules,
6 procedures and policies made known to the employee for his/her
7 information and expected compliance. It covers or implies having
8 sufficient knowledge of organization, management, and physical details
9 of the Company to perform satisfactorily the required work in a
10 generally harmonious manner.

11 **32. Shop Theory**

12 The comprehensive craft knowledge and special skills associated with
13 the particular trade and related trades without which advanced work of
14 high quality, quantity and uniformity may not be performed. A
15 thorough knowledge of shop theory is considered necessary to
16 accomplish the more difficult and diversified work of an occupation
17 and includes a real understanding of the capacities as well as limitations
18 of the machines and skills used in the trade. It implies a knowledge of
19 "why" as well as "how" a given task should be done. It is acquired by a
20 combination of observation, experience and schooling.

21 **33. Software**

22 A collection of programs, routines, and sub-routines that facilitate the
23 programming and operation of a computer to include documentation
24 and operational procedures.

25 **34. Tooling, Standard**

26 Those tools or tooling used on the same or different types of machines
27 or operations, principally in making a setup for either layout or
28 machining and occasionally for bench or assembly work and which
29 further are found commonly in nearly all shops and industries
30 performing similar operations. (In the machine shop it would include
31 Vee-blocks, parallel bars, angle plates, chucks, collets, machine vises, a
32 wide variety of clamps, bolts, locks and wedges. In bench or assembly
33 work it would include surface plates, table vises, and various common
34 attachments used on portable and stationary tools to permit holding the
35 work or increasing the scope of the tool.)

LETTERS

OF

UNDERSTANDING

**LETTERS OF UNDERSTANDING
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1 **LETTER OF UNDERSTANDING NO. 1**

2 **SUBJECT: DATA REPORTS TO BE PROVIDED**
3 **TO THE UNION**

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6 The Company will continue to provide those data reports to the Union
7 which were being provided during the prior bargaining agreement, subject
8 to such revisions in the future as may be made by mutual agreement of the
9 parties.

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25 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 2**

2 **SUBJECT: FACILITIES MAINTENANCE SUBCONTRACTING**

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

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

20 In addition, the Company agrees that employees in Facilities Maintenance
21 and General Construction organization as of September 3, 2008, will not be
22 laid off as a direct result of Facilities Maintenance or General Construction
23 subcontracting. This restriction does not apply in the event of a merger,
24 sale, transfer, or other disposition of a plant or facility or operating unit
25 thereof, or to temporary subcontracting necessary because of required
26 equipment overhaul or repair, labor disruptions, or events beyond the
27 control of the Company (acts of God, natural disasters, equipment failure,
28 major accidents, etc.). In lieu of layoff, employees will be retrained and
29 reassigned for available work outside the Facilities Maintenance and
30 General Construction organization.

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

35 Disputes involving alleged violations of this Letter of Understanding shall
36 be subject to the grievance and arbitration procedure provided for in Article
37 19 of this Agreement.

38 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 3**

2 **SUBJECT: UNION INTERVIEW OF NEW EMPLOYEES**

3 It is recognized by the Company that the Union has an interest and
4 responsibility in explaining the function of the Union in a collective
5 bargaining relationship and the advantages of membership in the Union.
6 The Union is also aware and has agreed that solicitation of membership
7 cannot be conducted during working time due to the interference and
8 disruption that could result in working schedules. To accommodate both
9 viewpoints and assure that an ample opportunity exists for the Union to
10 explain their role in the bargaining relationship while preserving minimal
11 interference in the Company's working schedule the following procedure
12 will be utilized:

- 13 1. At an appropriate time following the Company interview, all
14 individuals employed into the IAM bargaining unit will be directed
15 to an IAM&AW representative who is present in the Employment
16 Office.
- 17 2. The following message will be used by the Company
18 representative to introduce the IAM&AW representative:
19 "The Union representative wishes to explain their designation as
20 your bargaining agent, your opportunity for membership, and the
21 payroll deduction of dues for members."
- 22 3. The Union representative will advise the employees that
23 membership in the IAM&AW is voluntary and not a required
24 condition of employment.
- 25 4. Both the Company and the Union agree to cooperate in the
26 implementation and administration of this procedure. Neither
27 party will interfere, restrain or coerce employees and both parties
28 agree to use good judgment in all words and actions during this
29 procedure.
- 30 5. The Union agrees to minimal interference with the new employee
31 employment processing and the Company agrees to refrain from
32 any actions or statements which could adversely reflect upon the
33 Union.
- 34 6. The Union agrees to pay their representative's time allotted by this
35 procedure and to have sufficient representatives present during
36 normal working hours.
- 37 7. With the implementation of the procedure for the interview of new
38 employees it is agreed that any existing or contemplated
39 arrangements for permitting the Union to explain membership to
40 applicants or hires is no longer valid and will be cancelled.

41 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 4**

2 **SUBJECT: EMPLOYEES ON OVERSEAS ASSIGNMENT**

3 Employees on overseas assignment who perform production work will
4 continue to accumulate seniority during such period of assignment without
5 regard to their payroll classification while on such assignment. If such an
6 employee, at the time of such assignment, had on file with the Company an
7 effective authorization for Union dues deduction, the Company will
8 continue to make such Union dues deductions during such period, and the
9 Union agrees to save the Company harmless from any claim for damages on
10 the part of any employee so affected.

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14 Dated: November 2, 2008
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1 **LETTER OF UNDERSTANDING NO. 5**

2 **SUBJECT: ESTABLISHMENT OF JOBS TO COVER NEW,**
3 **SUBSTANTIALLY CHANGED, OR COMBINED WORK**
4 **FUNCTIONS**

5 The purpose of this Letter is to set forth the procedure to be followed when
6 the Company determines it is necessary to combine jobs or establish a job
7 or jobs to describe new or substantially changed work functions in
8 accordance with the provisions of Article 13 of the Collective Bargaining
9 Agreement of this date.

- 10 1. Company representatives identified with the appropriate unit (as
11 defined in Section 1.1 of the Agreement) will prepare job
12 descriptions and discuss such descriptions with Union
13 representatives of the appropriate unit as provided in Section 13.5.
14 In the event it is necessary to assign employees to the new or
15 substantially changed work functions prior to the establishment of
16 the job or jobs, Section 13.6 will apply.
- 17 2. The Company's Corporate Vice President, Compensation will
18 transmit a draft copy of the proposed job or jobs to the Union
19 representative designated by the International Association of
20 Machinists and Aerospace Workers, AFL-CIO, to receive such
21 information.
- 22 3. Following transmittal of the proposed job or jobs to the designated
23 Union representative, the job or jobs will be established by written
24 notification from a Company representative to a Union
25 representative identified with the unit where the job or jobs are to
26 be established.
- 27 4. Union inquiries or grievances as provided for in Article 13 will be
28 received and processed by Company and Union representatives
29 identified with the particular collective bargaining unit defined in
30 Section 1.1 of the Agreement in which the job or jobs have been
31 established.
- 32 5. The Company agrees to train affected employees to perform any
33 newly defined tasks when it is determined training is needed.
34 Preference will be given to senior employees when possible.

35
36 Dated: November 2, 2008

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LETTER OF UNDERSTANDING NO. 6

SUBJECT: NEGOTIATED JOB TITLE CHANGES

Following are provisions mutually agreed to by the Company and the Union with respect to employees affected by negotiated job title changes:

- A. *An employee's retention and Category A status will be applicable to the new classification if:
 - 1. There is a change in job code number or title change only, or
 - 2. A job title is deleted or depopulated and employees are reclassified to a newly established job title.
 - 3. The job title is upgraded and combined with an existing job title.
 - 4. The job title is deleted or depopulated and employees are reclassified laterally to an existing job title for the purpose of combination of said job titles.
- B. An employee's retention status will be applicable to the new classification if a job title is retained and some employees are reclassified to a newly established job title.

Reclassifications made in accordance with the foregoing will not be subject to other Bargaining Agreement provisions relating to reclassifications.

*If a job title is deleted or depopulated and employees are reclassified to more than one (1) new classification in different labor grades, Category A rights will apply to the job title in the lower labor grade.

Dated: November 2, 2008

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LETTER OF UNDERSTANDING NO. 7

**SUBJECT: JOINT COMPANY-UNION ALCOHOL AND
DRUG DEPENDENCY PROGRAM**

The Company and the Union establish the following Joint Company-Union Alcohol and Drug Dependency Program, relating to an employee’s voluntary entry into treatment in lieu of termination for attendance or performance, when deemed appropriate by the Company:

A. The following are basic essentials for an effective alcohol and drug dependency program:

- 1. Participation in the Program by an individual employee must be voluntary and will be kept confidential to preserve the employee's privacy.
- 2. Effectiveness of the Program is directly dependent upon the degree to which the employee affirmatively seeks such voluntary participation.
- 3. The Program is by its nature a progressive undertaking, and failure of an employee to participate in an earlier stage may eliminate the employee from subsequent stages.
- 4. The Company's right to discipline an employee for unsatisfactory performance or attendance is not diminished or modified in any way by the fact that the employee may have an alcohol or drug problem. However, while discipline for other Company Rule violations shall not be affected by this Program, disciplinary action for unsatisfactory performance or attendance may be held in abeyance during the employee's cooperative participation in the Program, provided no further performance or attendance problems occur.

B. The Program is divided into the following stages:

- 1. Identification.
- 2. Evaluation.
- 3. Treatment.
- 4. Return to work.

C. Identification.

- 1. Identification of an employee as having an alcohol or drug problem which interferes with job performance or attendance can occur in several ways:
 - a. The individual employee acknowledges the problem and so advises a Company or Union representative.
 - b. Company management or Union representatives become aware of the employee's performance or attendance problems

1 and have some reason to believe the problems are alcohol or
2 drug related.

3 2. At this stage, a brief counseling session attended by the employee,
4 his/her supervisor and, if agreeable to the employee, his/her
5 personnel representative and Union representative, should be
6 arranged and the following items covered: (If the employee so
7 desires, a separate, private counseling session with his/her Union
8 representative can be utilized as an alternative to the Union
9 representative's participation in the supervisor's counseling session
10 with the employee.)

- 11 a. The Program shall be clearly explained to the employee.
- 12 b. The facts that participation is purely voluntary and will be
13 kept confidential should be emphasized.
- 14 c. It should be stressed that the extent of the employee's alcohol
15 or drug problem, if any, has not yet been determined.
- 16 d. The employee should be advised that normal disciplinary
17 action appropriate for his/her job performance or attendance
18 problems may be held in abeyance so long as he/she
19 cooperatively participates in the Program, provided no further
20 performance or attendance problems occur.
- 21 e. The session will conclude by advising the employee that, if
22 agreeable, an appointment will be arranged with the Company
23 Employee Assistance Program for a professional evaluation
24 of the problem.

25 **D. Evaluation.**

- 26 1. Because alcohol and drug problems vary considerably (their causes
27 are innumerable, they may be temporary or of long duration, they
28 may be acute or chronic, they may or may not involve serious
29 physical deterioration), it is imperative that the scope of the
30 employee's problem must be medically evaluated at the outset.
- 31 2. At the appointment with the Company Employee Assistance
32 Program, the employee will be advised that:
 - 33 a. The results of the evaluation will be retained by the Employee
34 Assistance Program and by any outside medical evaluator, and
35 will be provided to the employee and, if agreeable to him/her,
36 to the Union.
 - 37 b. If the evaluation concludes that the employee does not have a
38 significant alcohol or drug problem requiring further
39 treatment, no further participation in the Program is required.
 - 40 c. If the evaluation concludes that the employee has an alcohol
41 or drug problem requiring treatment, such treatment by an
42 outside organization or medical expert from a list agreed upon

1 by the Company and the Union will be arranged by the
2 Company Employee Assistance Program.

- 3 d. The employee's participation in such treatment is voluntary.
4 However, if the employee refuses such treatment, or fails to
5 cooperate in its successful completion, any disciplinary action
6 for his/her job performance or attendance problems which has
7 been held in abeyance may be taken.

8 **E. Treatment.**

- 9 1. When the Evaluation Report indicates that treatment is necessary
10 and the employee agrees in writing to participate, the Company's
11 Employee Assistance Program will arrange with the employee and
12 the selected treatment agency a schedule for treatment.
13 2. If necessary for treatment, the employee will arrange for a medical
14 leave of absence via Total Access for the period of the treatment.
15 3. If the employee continues to work during treatment, he/she will be
16 subject to normal rules of conduct and performance.

17 **F. Return to Work.**

- 18 1. If a leave of absence is required for the treatment of the employee's
19 alcohol or drug related condition, the employee's return to work
20 must be approved by the Company Employee Assistance Program.
21 2. Such approval will depend, in large measure but not exclusively,
22 on the recommendation of the outside treatment agency or expert
23 as to the employee's successful completion of the treatment.
24 3. An employee's failure to successfully complete the recommended
25 course of treatment may result in termination of employment
26 unless, in the opinion of the Company Employee Assistance
27 Program, the employee is able to return to work.

28 **G.** Costs incurred by the employee for medical evaluation and treatment
29 will be reimbursed under the Company's Group Insurance Program
30 subject to the requirements and limitations of that Program.

31 **H.** The Company and the Union are interested in exploring the desirability
32 of organizing a Boeing Chapter of Alcoholics Anonymous comprised
33 of eligible hourly employees who could provide counseling and other
34 essential supporting services to employees participating in this
35 Program.

36 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 8**

2 **SUBJECT: AOG ASSIGNMENTS**

3 Boeing Commercial Airplane Group employees on emergency field
4 assignments relating to airplane on ground (AOG) involving overnight
5 travel from their home location to a location where the Company has not
6 established an operation, and when such travel is covered by the Company's
7 Business Travel procedures, shall not be subject to the provisions of
8 Sections 5.3, 6.9 and 6.10 of the Agreement.

9 The employee's work schedule status will be as follows:

- 10 (1) No shift identification will be assigned.
- 11 (2) The work week will be from 1:00 a.m. Monday to 1:00 a.m. the
12 following Monday.
- 13 (3) Monday through Friday will be designated as regular workdays.
- 14 (4) Saturday will be designated as the first day of rest and Sunday will
15 be designated as the second day of rest.

16 Wage payment basis will be as follows:

- 17 (1) The employee shall receive at least eight (8) hours pay at Labor
18 Grade 9 for each regular workday, to include weekends, on which
19 the employee works or is available for work.
- 20 (2) The employee's regular rate shall include his or her base rate plus
21 the applicable Cost of Living rate and the premium rate of \$2.00
22 per hour.
- 23 (3) For the first eight (8) hours worked on other than a day of rest, the
24 employee shall be paid at his or her regular rate.
- 25 (4) For time worked in excess of eight (8) hours on other than a day of
26 rest, the employee shall be paid at his or her regular rate for one
27 and one-half times the hours worked through the first two (2) hours
28 and double the hours continuously worked thereafter.
- 29 (5) For time worked on the first day of rest the employee shall be paid
30 at his or her regular rate for one and one-half times the hours
31 worked through the first eight (8) hours of work and twice the
32 hours continuously worked thereafter.
- 33 (6) For time worked on the second day of rest the employee shall be
34 paid at his or her regular rate for twice the hours continuously
35 worked.
- 36 (7) For Company holidays which occur during a travel assignment
37 employees shall receive eight (8) hours' holiday pay, and in

1 addition, for time worked on a holiday, the employee shall be paid
2 at his or her regular rate for twice the hours worked.

3 The following telephone and laundry allowance will be authorized:

4 (1) An employee will be authorized to telephone his or her home at
5 Company expense in accordance with applicable Company policy.
6 Where available, the Company's BTN system will be used. When
7 necessary to use conventional long-distance service, the employee
8 will be reimbursed for the cost of the call, provided the call is of
9 reasonable duration.

10 (2) An employee on a travel assignment will be reimbursed for the
11 cost of any laundry service which is reasonable and necessary in
12 accordance with applicable Company policy.

13 The Union may designate, from among the employees on an assignment
14 covered by this Letter of Understanding, one (1) employee as a steward;
15 however, the provisions of Article 4 of the Agreement shall not apply to
16 such steward. The Union shall notify the Company in writing of such
17 designation.

18 Employees returning from such a travel assignment will be allowed twelve
19 (12) hours between time of arrival at the home terminal, or clearance from
20 U. S. Customs in the case of employees returning from international
21 locations, and the start of their next regular shift assignment. Employees
22 will be granted leave with pay for any unworked portion of their assigned
23 shift which falls within this twelve (12)-hour period provided they report for
24 work at the applicable time so described in this provision. Exception to the
25 above provision will be in the case where the twelve (12)-hour period
26 extends beyond the end of the employee's regularly scheduled lunch period,
27 in which case the employee will not be required to report for work and will
28 be paid for the entire shift.

29 Employees on travel assignments for which time enroute exceeds eight (8)
30 continuous hours will not be required to work their regular shift on the date
31 of departure and will receive a minimum of eight (8) hours pay for that day.
32 When travel time enroute to a customer work location exceeds twelve (12)
33 continuous hours, a minimum of twelve (12) hours rest will be provided
34 prior to beginning work whenever possible within customer required
35 schedules.

36 Employees returning from travel assignment on other than the assigned
37 return date, as requested by the employee, will be compensated at the
38 assigned return date rate.

39
40 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 9**

2 **SUBJECT: CORPORATE JOBS**

3 The Company shall establish and maintain Corporate job codes for all job
4 classifications covered by the parties' Collective Bargaining Agreement of
5 this date. The Corporate job codes shall be used in the Puget Sound,
6 Wichita and Portland Units represented by the IAM. A Job List - Existing
7 Jobs will be prepared, effective September 4, 2008 showing the Corporate
8 job code and title for each job classification and will indicate the jobs that
9 are authorized as of that date for use in each of the respective units.

10 The Job List will also show the corresponding Wichita code for each job
11 authorized as of that date for use in that unit. The Wichita job code will be
12 used for all employee transactions, records, and reports in that unit. The
13 Corporate job code will be shown in the upper right hand area of Wichita
14 job descriptions and the corresponding Wichita job code will be shown in
15 the lower right hand area of Wichita job descriptions.

16 It is understood that, as a result of the Company's sole right to organize
17 work and determine job duties, work may be organized so that between
18 units similar work functions and activities will be designated by different
19 titles and descriptions.

20 It is also understood that the Company in organizing a new work activity,
21 may install in a particular unit those Corporate jobs, authorized for another
22 unit, that describe the work to be performed.

23
24 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 10**

2 **SUBJECT: CORPORATE JOBS COMMITTEE**

3 **The purpose of this Letter is to define the objectives of the joint**
4 **Union/Company Corporate Jobs Committee.**

- 5 1. The Corporate Jobs Committee shall consist of not more than six (6)
6 representatives appointed in writing by the Union's Corporate
7 Coordinator and not more than six (6) representatives appointed in
8 writing by the Company's Vice President of Union Relations. This
9 Committee may be comprised of representatives from the Puget
10 Sound, Wichita, and Portland Primary Locations. The Union and the
11 Company will each appoint a chair of its group. Recognizing that
12 recommendations by the Committee can have a significant impact on
13 the job classification structure throughout all Primary Locations, it is
14 expected that appointed members of the Committee are to participate
15 fully in all Committee activities as defined by the respective chairs.
- 16 2. The Committee shall, as determined jointly by its chairs, study the job
17 classification system established by Article 13 of the parties'
18 Collective Bargaining Agreement in order to maintain the integrity of
19 the system and to develop and implement plans for change that will
20 provide job enhancement, employment security and productivity
21 improvements. Such activities may include but are not limited to:
- 22 • Developing innovative job structure proposals.
 - 23 • Deactivating zero or minimally populated jobs.
 - 24 • Combining jobs by placing similar work in similar job
25 classifications.
 - 26 • Developing new jobs and revisions to existing jobs to accurately
27 reflect organization of tasks.
 - 28 • Establishing like classifications and titles for all locations
29 covered by the Agreement where work responsibilities are the
30 same.
- 31 3. If a Committee member is required to visit a Primary Location to
32 fulfill a Corporate Jobs Committee commitment, the appropriate
33 Committee members shall be notified and participate as appropriate in
34 any business involving that visit.
- 35 4. The Committee shall report to the Union and the Company on the job
36 classification system, together with the suggestions of the Committee
37 members for changes thereto. The results of the Committee's work

1 will be available to the Union and the Company to facilitate future
2 negotiations.

3 5. The chairs may, from time to time, jointly recommend the adoption by
4 the Union and the Company of changes in the job classification
5 system. Such recommendations, however, shall be wholly advisory
6 and shall not reopen the Collective Bargaining Agreement or affect
7 Article 2 thereof.

8 6. To create a proper environment for the Committee's work, the
9 Committee's proceedings shall not be used as the basis for, nor as
10 evidence in, any proceedings under Article 19 of the parties'
11 Collective Bargaining Agreement.

12 7. The Committee shall function through the life of the Bargaining
13 Agreement.

14 8. The Union and the Company chairs will establish the Committee
15 meeting locations, schedules, and procedures. The Union and the
16 Company shall bear the expenses of their respective Committee
17 members and shall share equally in all other costs incurred by the
18 Committee.

19
20 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 11**

2 **SUBJECT: OVERTIME**

3 It is understood that the authority of the Company to require overtime work,
4 established by Section 6.10 of the Collective Bargaining Agreement, is
5 necessary for business planning and meeting operational objectives. The
6 parties recognize, however, that the exercise of this authority may affect
7 employee productivity.

8 Accordingly, the Company and the Union agree, subject to the exceptions
9 noted below, that the authority conferred by Section 6.10 of the Agreement
10 shall hereinafter be limited as follows. No employee shall be required, and
11 need not be permitted, to work overtime in excess of the following limits:

12 **Quarterly Limit**

- 13 • The limit shall be one hundred twenty-eight (128) overtime hours
14 in any budget quarter;

15 **Weekend Limit**

- 16 • The limit shall be two (2) consecutive weekends;
17 • Employees who have worked two (2) consecutive weekends may
18 volunteer to work overtime on the following weekend;
19 • Overtime work on either a Saturday and a Sunday, or on a
20 Saturday or a Sunday, shall constitute a weekend worked;
21 • The limit for overtime on a Saturday or a Sunday shall be eight (8)
22 hours.

23 **Holidays**

- 24 • All overtime on a holiday as set forth in Section 7.1 of the parties'
25 Collective Bargaining Agreement or on the weekend which
26 immediately precedes a Monday holiday or immediately follows a
27 Friday holiday shall be voluntary.

28 All overtime in excess of the above limits shall be strictly on a voluntary
29 basis and no employee shall suffer retribution for his/her refusal or failure
30 to volunteer. An employee may be required to perform overtime work
31 beyond the above limits where necessary for delivery of an airplane which
32 is on the field, for customer-requested emergency repair of delivered
33 products, or for Government DX or Government DO rated orders. In
34 addition, an employee may be required to perform overtime on a holiday or
35 on the weekend which immediately precedes a Monday holiday or
36 immediately follows a Friday holiday where necessary for facilities
37 maintenance.

38 The Company will brief the Union semi-annually of its anticipated program
39 scheduling and its forecasted overtime requirements.

40 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 12**

2 **SUBJECT: MEANING OF SECTION 19.3 OF COLLECTIVE**
3 **BARGAINING AGREEMENT**

4 The Union and the Company have agreed in Section 19.3 of the Collective
5 Bargaining Agreement that any dismissal or suspension of an employee
6 who has committed a sex crime victimizing a child or children shall be
7 deemed to be for cause and shall not be subject to the grievance and
8 arbitration procedure of Article 19. This Agreement is based on both
9 parties' recognition of (1) the growing awareness and abhorrence in our
10 society of crimes victimizing children, and (2) the deleterious effect the
11 presence in the work force of perpetrators of such crimes would have on the
12 efficiency and morale of employees of the Company and on the reputation
13 of the Company and its products.

14 The Union and the Company further agree as follows:

- 15 1. For purposes of Section 19.3 of the Collective Bargaining Agreement
16 and this Letter of Understanding, the term "sex crime victimizing a
17 child or children" includes rape, sexual assault, statutory rape, incest,
18 child molestation, child pornography, public indecency, indecent
19 exposure, indecent liberties, communications with a minor for immoral
20 purposes, promoting prostitution, and similar crimes as defined in the
21 jurisdiction in which the offense is committed, where the victim of said
22 crime(s) is under the age of 18 years at the time of the commission of
23 the crime(s). An employee shall be considered to have committed such
24 a crime if the employee is convicted of the crime, or if the employee
25 enters a special supervision program pursuant to a deferred prosecution
26 arrangement relating to the crime.
- 27 2. The provision of Section 19.3 of the Collective Bargaining Agreement
28 referred to herein and this Letter of Understanding shall not be deemed
29 to define "cause" or to affect Article 19 in any other respect
30 whatsoever, and shall not be introduced or relied upon in any
31 arbitration or other proceeding involving the parties which does not
32 deal with the suspension or dismissal of an employee who has
33 committed a sex crime victimizing a child or children.

34
35 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 13**

2 **SUBJECT: TIME LIMITS IN SECTION 19.3**

3 The parties agree that the seven (7)-workday time limit for filing of a
4 written grievance in the case of dismissals or suspensions shall be
5 interpreted as follows:

- 6 1. If the Union's Business Representative, within seven (7) workdays from
7 the date of the suspension or dismissal, calls the Company's Union
8 Relations office to request to review the employee's folder, the
9 Business Representative shall have seven (7) workdays after he reviews
10 the folder in which to file a written grievance.
- 11 2. If no written grievance is filed during the additional seven (7)-workday
12 period specified in paragraph 1, the matter is closed, provided,
13 however, that if the Business Representative, within the additional
14 seven (7)-workday period, informs Union Relations that he/she has
15 decided not to file a grievance, the matter will remain open for fourteen
16 (14) more workdays to allow the employee to appeal the Business
17 Representative's decision. If the employee does not appeal, the matter
18 is closed. If the employee does not appeal, but no written grievance is
19 filed within the additional fourteen (14)-workday period, the matter is
20 closed.

21

22 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 14**

2 **SUBJECT: DUES DEDUCTION AUTHORIZATION**
3 **FOR WICHITA UNIT**

4 I hereby assign to Aeronautical District Lodge No. 70 of the International
5 Association of Machinists and Aerospace Workers, and authorize and direct
6 The Boeing Company to deduct from wages due me each month,
7 commencing with the month of _____, 20___, my monthly dues for
8 membership in, and/or financial support of, said District Lodge in
9 accordance with the Constitution of the International Association of
10 Machinists and Aerospace Workers and communicated to said Company,
11 and all amounts as provided for during any month by the Collective
12 Bargaining Agreement or amendments between the Company and the
13 Union then in effect. This assignment and authorization shall also include
14 an initiation or reinstatement fee in the amount of \$_____, which is to
15 be deducted from wages due me in the month of _____, 20___.
16 These deductions shall be made payable to, and be remitted to the
17 Secretary-Treasurer of said District Lodge.

18 This assignment and authorization shall be irrevocable for a period of one
19 (1) year from the date hereof or until the termination date of any applicable
20 collective bargaining agreement, whichever occurs sooner, and shall
21 automatically be renewed as an irrevocable assignment and authorization
22 for successive yearly or applicable collective bargaining agreement periods
23 thereafter, whichever is the lesser unless I give written notice, by certified
24 mail, of revocation to The Boeing Company and the Union not more than
25 twenty (20) and not less than five (5) days prior to the expiration of each
26 yearly period or of each applicable Collective Bargaining Agreement,
27 whichever comes sooner.

28 I expressly agree this assignment and authorization is independent of, and
29 not a quid pro quo for, union membership and shall continue in full force
30 and effect even if I resign my membership in the Union, except if properly
31 revoked in the manner prescribed above.
32
33

34 _____
35 Employee Signature

36
37 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 15**

2 **SUBJECT: JOINT COMMITTEE ON HEALTH CARE**
3 **COSTS AND QUALITY**

4 The Company and the Union are committed to ensuring that employees
5 have access to cost effective, quality health care coverage. Because of their
6 ongoing concern about the quality of health care and costs, the parties agree
7 to a Joint Committee on Health Care Costs and Quality. The Committee
8 will have an equal number of representatives, including a co-chair, from
9 each party. When appropriate, health care experts and representatives from
10 the Company's health plans will be invited to attend Committee meetings.
11 Each party may have their benefits consultants and advisors attend
12 Committee meetings. The Committee will meet at least twice each year to
13 discuss issues related to the health care program. The Committee also will
14 meet with health care providers to express the parties' interest in obtaining
15 quality health care at affordable prices. Among the topics that the parties
16 will consider and discuss are:

- 17 • Costs under the Company's medical plans.
- 18 • Overall plan design.
- 19 • Efficient use of health care resources by consumers.
- 20 • Cost management programs to address specific cost areas,
21 including:
 - 22 • Disease management of selected high-cost chronic diseases.
 - 23 • Targeted health risk assessment.
 - 24 • Catastrophic case management.
 - 25 • Pharmaceutical management.
- 26 • Measurement tools for evaluating health plans' and providers'
27 efficiency, including but not limited to programs of the National
28 Academy of Sciences and National Quality Forum as well as
29 accreditation from nationally recognized groups such as the
30 National Committee for Quality Assurance (NCQA) or the
31 Foundation for Accountability (FACCT).
- 32 • Benchmark data from other employers.
- 33 • Opportunities to work with other employers, unions or other
34 parties interested in obtaining quality health care at affordable
35 prices.

36 The Company and the Union also will undertake initiatives to expand health
37 care plan accountability for quality and efficiency. Among these initiatives
38 will be:

- 1 • Provider performance reporting on quality and efficiency to
2 encourage use of the highest quality providers, including those who
3 meet the highest patient safety standards.
- 4 • Joint Company and Union meetings with health care plan
5 administrators to understand their criteria for identifying high
6 performance providers and to strongly recommend and offer
7 advisory information in support of the development of high
8 performance provider networks.
- 9 • Provider programs focused on specific high-yield quality
10 innovations shown to substantially improve patient safety.
- 11 • Computerized physician order entry. Physicians will be required to
12 enter prescriptions into a hospital database to screen for
13 inappropriate medications and dosages and avoid potential adverse
14 drug reactions/interactions.
- 15 • Evidence-based hospital referral. Physicians will be required,
16 where practical, to guide patients to facilities with superior
17 outcomes (linked to significantly lower patient mortality).
- 18 • ICU physician staffing. Where available, physicians who are
19 critical care specialists will provide ICU care.

20 To encourage plan participants to use the highest quality health care
21 available, it is the intent that the Company will provide education to
22 employees regarding the effectiveness of physicians, hospitals and other
23 health care providers as it becomes available.

24 The Company and the Union are committed through these and other
25 initiatives to improve quality and maintain reasonable costs, and they will
26 recognize and endorse contracting decisions with physicians, hospitals and
27 health plans based on compliance with these joint initiatives.

28

29 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 16**

2 **SUBJECT: SECTION 6.10(b) OF COLLECTIVE**
3 **BARGAINING AGREEMENT**

4 The Company and the Union agree that Section 6.10(b) of their Collective
5 Bargaining Agreement shall be administered as follows:

- 6 1. With respect to Subparagraph 6.10(b)(1), the Company's practice is to
7 seek volunteers for the advance scheduling of overtime within the shop
8 and shift. However, the parties agree that an exception may be made
9 for certain assignments where the employee regularly assigned to either
10 the job, crew or position is the appropriate individual to perform the
11 work of the overtime call-out. Therefore, the parties agree that in order
12 to ensure that the employee regularly assigned to either the job, crew or
13 position is designated to work the overtime pursuant to Subparagraph
14 6.10(b)(1)(a) only when he/she is the appropriate individual, such
15 designation may be made only if it is approved by the Director or
16 his/her delegate, the delegate being at least one (1) level above the
17 employee's immediate supervisor.
- 18 2. With respect to Subparagraph 6.10(b)(2)(f) the parties agree that the
19 reference to deficient schedule performance or work quality being
20 "currently documented" shall mean a Corrective Action Memo. In
21 order to be used under Subparagraph 6.10(b)(2)(f), a Corrective Action
22 Memo must state the period, not to exceed ninety (90) days, it will
23 remain in effect and may serve as a basis for exclusion from overtime
24 consideration only during that period.
- 25 3. The Company will provide notification of designated weekend
26 overtime no later than the first rest break on Friday. When emergent
27 situations arise following first rest break, notification of such overtime
28 will be provided as soon as possible.

29
30 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING 17**

2 **SUBJECT: MODIFIED IN-LINE PROMOTION FOR CERTAIN**
3 **JOB TITLES**

4 The parties agree that career growth and promotional opportunities for
5 qualified employees will benefit both the Company and employees. The
6 parties acknowledge that in some job titles, the Category B process set forth
7 in Section 22.1(b) of this Agreement does not consistently result in the
8 promotion of employees who possess the technical skills and expertise to be
9 successful in the open job in the normal line of promotion.

10 Accordingly, the parties agree that with respect to the job titles listed below,
11 the parties will jointly develop minimum qualifications/requirements that
12 employees in the job family must meet prior to filing an effective
13 application to the personnel section for the open job title and designated
14 shift, pursuant to Section 22.1(b)(2). The provisions of Sections 22.1(b)(1),
15 22.1(b)(3), and 22.1(b)(4) will continue to apply. The minimum
16 qualifications/requirements for each job title will be jointly established
17 within one year of contract ratification.

18 Once a candidate in the job family meets the minimum
19 qualifications/requirements, the candidate may submit his or her request for
20 an upgrade. When the next job opening occurs, the senior candidate who
21 has met the minimum qualifications/requirement will be selected. In some
22 cases, upon meeting the minimum qualifications/requirements, the
23 promotion may be immediate.

24 Job Titles Subject to this Letter of Understanding

25 Facilities Crafts:

- 26 811XX Plumber Maintenance,
27 895XX Machine Repair Mechanic,
28 C20/861 Electrician Maintenance

29 The parties will meet on a quarterly basis to discuss whether additional job
30 titles should be added to, or removed from, this Letter of Understanding
31 during the term of this Agreement. Additional job titles shall only be added
32 to this Letter of Understanding by mutual agreement of both parties.

33 For all job titles subject to this Letter of Understanding, the Company will
34 not select normal line of promotion designated candidates under Section
35 22.1(k).

36 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 18**

2 **SUBJECT: EXPENDITURE OF FUNDS UNDER**
3 **ARTICLE 16 AND ARTICLE 20**

4 The parties agree that the Company will provide the necessary funding in
5 support of IAM/Boeing Joint Programs (Joint Programs) activities which
6 include the IAM/Boeing Health & Safety Institute (HSI), the IAM/Boeing
7 Quality Through Training Program (QTTP), and other activities approved
8 by the IAM/Boeing Joint Programs National Governing Board (Governing
9 Board). The following sets forth the practices which will be followed:

- 10 1. The Company will provide in each year fourteen (14) cents for
11 each bargaining unit compensated hour, but not less than fourteen
12 (14) million dollars per year. In addition, the Company will
13 provide funding for the QTTP Education Assistance (EA) Program
14 up to four (4) million dollars per year. EA funds not spent in one
15 calendar year will not carry over to the next year.
- 16 2. The annual funding amounts for Joint Programs shall be
17 determined each September 2 and shall be based on the number of
18 bargaining unit compensated hours in the preceding period of
19 September 2 to September 1. Amounts not spent in one annual
20 period shall carry over to the next year, but not beyond the
21 expiration of the Agreement. Additionally, the Company will
22 provide other funds, as approved by the Governing Board, to
23 support the Joint Programs' statement of work.
- 24 3. All labor and non-labor will be treated according to current Boeing
25 accounting practices.
- 26 4. To the extent permitted by law, one or more trust funds will be
27 established pursuant to the Taft-Hartley Act, 29 U.S.C. §186, to
28 contract with the Union for the services of any individual
29 employed by the Union who is named to the administrative staffs
30 established by Section 16.2(b) and Section 20.2(c). The trust(s)
31 shall be established pursuant to a written agreement between the
32 parties which complies with clause (B) of the proviso to 29 U.S.C.
33 §186(c)(5). In addition, the terms of any contract between the trust
34 and the Union shall provide that the Union will be reimbursed for
35 the services of these individuals on the basis of their base rate plus
36 actual expenses for payroll taxes and the following employee
37 fringe benefits: employee per diem; IAM pension plan; package H
38 & W insurance; Western Metal Trades pension; and automobile
39 insurance. The Company shall provide funds to the trust in a
40 sufficient amount and in a timely manner to enable the trust to
41 meet its contractual obligations to the Union.

- 1 5. Individuals employed by the Union who are named to an
2 administrative staff established by Section 16.2(b) or Section
3 20.2(c) shall be full-time, dedicated to the Joint Programs.
- 4 6. The Union will be reimbursed in accordance with paragraph 5 for
5 the services of the individual employed by the Union who is
6 identified as Executive Director - IAM/Boeing Joint Programs only
7 to the extent such services are actually rendered on behalf of the
8 respective Joint Programs.
- 9 7. The Company will give consideration to the IAM Corporation for
10 Re-Employment and Safety Training, Inc. (CREST) as a service
11 provider in support of vocational rehabilitation counseling
12 services. Any such service may be contracted for pursuant to
13 paragraph 4 above. The Company shall provide funding for
14 vocational rehabilitation counseling services in support of
15 disability management through Vocational Solutions. The funding
16 shall not exceed three (3) million dollars annually. Such funding
17 will not extend beyond the expiration of the Agreement. Funds not
18 spent in one calendar year will not carry over to the next year.
- 19 8. The Company agrees to continue funding through December 31,
20 2008 at the levels previously approved by the National Governing
21 Board for the 2008 Joint Programs budget.

22

23 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 19**

2 **SUBJECT: ARTICLES 16 AND 20 - CONFIDENTIALITY**
3 **OF INFORMATION**

4 It is recognized by the parties that a free flow of information between them
5 is necessary to ensure the success of the IAM/Boeing Health & Safety
6 Institute and the Quality Through Training Program. Information which
7 could be disclosed to the Union and to the Union Administrative Staffs
8 includes information relating to inventions, products, processes, machinery,
9 apparatus, prices, discounts, costs, business affairs or technical data which
10 the Company considers as confidential. In furtherance of their objective to
11 facilitate full participation of the Union in these programs while recognizing
12 the sensitivity of the Company's confidential information, the parties agree
13 that any such information shall be held in confidence by the Union and the
14 Administrative Staff and shall be used by them solely for purposes of these
15 programs. All Union Administrative Staff shall be provided a copy of this
16 Letter of Understanding and advised of their obligations under it.

17
18 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 20**

2 **Subject: NC/CNC/ADAPTIVE COMPUTER SYSTEMS**
3 **AND COMPUTER AIDED WORK STATIONS**

4 The Company and Union agree to the identification and clarification of the
5 below terms and descriptions as applicable to all Corporate Jobs as
6 identified in Article 13 of the parties' Collective Bargaining Agreement:

- 7 **A.** 1. Numerically Controlled/Computer Numerically Controlled
8 (NC/CNC) or other adaptive computer system machine controls
9 are synonymous and will be used as such in all existing job
10 classifications, and shall be incorporated as such into all existing
11 and future job classifications as appropriate.
- 12 2. Operators may make adjustments to existing machine control
13 programs similar and in comparable technical complexity as those
14 required to manually provide machine instruction such that
15 machines optimally perform the identified machine tasks.
- 16 3. Such tasks as described above will not be used or considered as
17 justification for grade adjustment but are inclusive of current grade
18 level identification.
- 19 **B.** Computer aided/assisted work stations such as those using PC's,
20 computer terminals linked to main frame systems, CATIA or any
21 and/or all subsequent integrated computer assisted technology systems,
22 which are used to accomplish currently assigned or similar work
23 assignments, shall not be used as justification for revision of grade
24 level, but are considered tools and devices assisting the individual to
25 accomplish assigned tasks. The actual duties and tasks accomplished
26 by the individual as a composite in comparison to the classification
27 guides and representative jobs will be the basis for grade designation as
28 identified in Article 13 as applied in the Collective Bargaining
29 Agreement.
- 30 **C.** Such terms will be incorporated into revised or new job descriptions
31 and/or incorporated into the classification guides and/or Glossary of
32 Terms and Phrases within the Collective Bargaining Agreement or a
33 combination of the above.

34
35 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 21**

2 **SUBJECT: NON-TRADITIONAL WORK SCHEDULES**

3 The parties recognize that the efficient use of facilities and machinery is an
4 integral part of the Company's competitiveness and that the Company's
5 competitive position is essential to the employment security of its
6 employees. The parties further recognize that a normal work schedule of
7 eight (8)-hours-a-day five (5)-days-a-week is not always conducive to the
8 efficient use of facilities and machinery. Accordingly, the parties agree
9 they will consider implementing non-traditional work schedules where they
10 deem it appropriate.

11 While the parties recognize that the details of non-traditional work
12 schedules will have to be discussed on a case-by-case basis, and that no
13 such schedules will be implemented except upon mutual agreement by the
14 parties, the following guidelines will apply:

- 15 1. The workweek and shift times set forth in Article 5 of the parties'
16 Collective Bargaining Agreement will be adjusted to accommodate
17 the non-traditional work schedule.
- 18 2. The phrase "assigned shift" will be substituted for "eight (8) hours"
19 wherever it appears in the parties' Collective Bargaining
20 Agreement.
- 21 3. Employees who work on their third consecutive day of rest will be
22 paid overtime on the same basis as their first day of rest.
- 23 4. For those calendar weeks encompassing any of the holidays
24 observed by the Company, employees assigned to non-traditional
25 work schedules will be converted for that week to a normal work
26 schedule.

27
28 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 22**

2 **SUBJECT: PART-TIME WORK SCHEDULES**

3 As a means of extending their commitment to employment stabilization, the
4 parties have agreed to explore alternate work schedules which could serve
5 the purposes of potentially reducing the number of layoffs and responding
6 to the needs of individual employees. One of these alternate work
7 schedules is a "part-time work schedule" which, for purposes of this Letter
8 of Understanding, shall mean a fixed weekly work schedule which is less
9 than the regular forty (40)-hour week. No minimum or maximum number
10 of hours will be required, but fixed days (other than Saturdays or Sundays)
11 and hours of work must be established. This Letter of Understanding is
12 strictly limited to those part-time work schedules which are voluntary by an
13 employee.

14 Participation in a voluntary part-time work schedule is subject to
15 management approval which shall be effective for a minimum of ninety
16 (90) days. In the event that more employees in a particular job
17 classification in a shop volunteer than can be accommodated, selections will
18 be made on the basis of seniority. Employees on part-time work schedules
19 covered by this Letter of Understanding will be subject to all provisions of
20 the parties' Collective Bargaining Agreement, except as follows:

21 **1. Holidays**

22 Employees are eligible for holiday pay if they are scheduled to
23 work twenty (20) or more hours in a seven (7)-day cycle or forty
24 (40) or more hours in a fourteen (14)-day cycle. Payment will be
25 four (4) hours of holiday pay for each Company holiday,
26 regardless of calendar day or hours scheduled on the respective
27 holiday. Employees required to work on a holiday will receive
28 double their regular rate for the time worked in addition to any
29 holiday pay to which they are entitled.

30 **2. Overtime**

31 For the first ten (10) hours worked in excess of forty (40) hours in
32 a workweek, the employee will receive one and one-half times the
33 base rate; for hours worked in excess of fifty (50) hours in a
34 workweek, the employee will receive double the base rate. No
35 overtime will be paid when less than forty (40) hours have been
36 worked during the workweek. Notwithstanding any provision in
37 the parties' Collective Bargaining Agreement, employees on part-
38 time work schedules will not be asked, or permitted, to work on a
39 Saturday or a Sunday unless all other employees in the same
40 classification in that shop have been offered the opportunity to
41 perform the work.

1 **3. Other Pay Practices**

2 Employees are eligible for jury duty and witness service pay if
3 they are scheduled to work twenty (20) or more hours in a seven
4 (7)-day cycle or forty (40) or more hours in a fourteen (14)-day
5 cycle. Payment will be four (4) hours for each day served,
6 regardless of calendar day or hours scheduled on each day served.
7 For purposes of bereavement leave and report time, the phrase
8 "assigned shift" will be substituted for "eight (8) hours."
9 Employees on third shift who are approved for part-time work
10 schedules will be reassigned to second shift.

11 **4. Group Benefits**

12 Employees on part-time work schedules will be offered an
13 insurance package consisting of the Traditional Medical Plan and
14 Incentive Dental Plan. All normal Plan provisions will apply.
15 Premiums will be paid by the Company on a pro-rated basis, as
16 determined by scheduled weekly hours as follows:
17

**Pro-Rated Schedule
Medical and Dental Coverage**

1-19 hours	Not Eligible for Group Insurance
20-32 hours	70% Paid by Company
33 or more hours	100% Paid by Company

18 Employees eligible for group insurance may either pay the balance
19 of the premium by payroll deduction or decline coverage entirely.

20 This Letter of Understanding may be cancelled by either party by giving
21 written notice to the other upon each six (6)-month anniversary of its
22 execution.

23 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 23**

2 **SUBJECT: FACTORY SERVICE ATTENDANTS**
3 **RATE STRUCTURE REVISION**

4 The Company and the Union agree to the continued inclusion of the 8820A
5 job classification as part of the approved Corporate job codes. As agreed in
6 the 1995 Collective Bargaining Agreement this job will replace the existing
7 88201 and 88202 factory service attendant classifications. The Labor Grade
8 “A” will have a minimum rate of \$11.00 per hour with a maximum rate of
9 \$18.04 per hour. The Labor Grade “A” will only be applicable to the
10 8820A classification. All provisions of Article 6 of the parties’ current
11 Collective Bargaining Agreement (“this Agreement”) will apply to
12 employees in this classification who are not at the rate maximum. For those
13 employees who are at the maximum rate any general wage increases
14 provided for in Subparagraph 6.3(b)(1) will be paid as lump sums
15 equivalent to the agreed upon general wage increase percentage. The lump
16 sums will be paid as a percentage of bargaining unit gross earnings.
17 Bargaining unit gross earnings are defined as that portion of an employee’s
18 total earnings while in the bargaining unit which is computed at the
19 employee’s base rate plus cost of living adjustment rate, shift differential
20 rate, and non-regular workweek premium rate, as applicable, on regular and
21 overtime hours worked, overtime bonus hours, third shift bonus hours, team
22 leader premium, sick leave hours (including those paid from FSP funds),
23 vacation hours, holiday hours, report time hours and leave with pay hours.
24 All other payments to an employee, imputed or otherwise, are excluded
25 from the definition of bargaining unit gross earnings. The rate range
26 maximums will be adjusted in accordance with Section 6.4 of this
27 Agreement, if applicable.

28 The 8820A classification applies only to newly hired employees and those
29 individuals placed in this classification through any means other than the
30 exercise of contractual rights provided by Article 22 of the Agreement.
31 This job may not be populated while there are employees with Category A
32 rights to the 88201 and 88202 job classifications.

33 Labor Grade "A" is not covered in the classification guides for labor grades
34 one through eleven, but is to be assigned as stated in this Letter of
35 Understanding.

36 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 24**

2 **SUBJECT: CHILD DEVELOPMENT PROGRAM**

3 The Company is developing people strategies to support individuals in the
4 workforce and retain valuable employees with the end goal to make the
5 Company more competitive. These strategies recognize that employee
6 concerns about child care can affect an individual's productivity and work
7 focus. To support these strategies, the Company has implemented a Child
8 Development Program to build on other Company programs which support
9 employees and their families.

10 As one element of the Program, the Company has, in coordination with the
11 Union, established two (2) near-site day care centers (Everett and Renton).
12 The day care centers are operated by a third party with fees charged to
13 participating employees geared at an operations break even level.

14 Additional components of the Company's Child Development Program
15 include providing leadership to help improve the quality and availability of
16 child care in communities where employees live and enhancing child care
17 referral services through the existing Child and Elder Care referral program.
18 Consideration will be given to adding other elements, such as collaboration
19 by the referral program with day care providers and parents on evaluation of
20 facilities and day care curriculum, assistance in extended/alternate hours,
21 and assistance dealing with specific day care needs.

22 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 25**

2 **SUBJECT: IAM/BOEING JOINT PROGRAMS**
3 **EDUCATION ASSISTANCE**
4 **PROGRAM/LEARNING TOGETHER**

5 The Union and the Company recognize that to achieve a highly skilled and
6 motivated workforce the parties must create an environment conducive to
7 learning opportunities. To that end, Joint Programs created a financial
8 assistance program named Education Assistance. This jointly administered
9 program provides easy access to financial aid to IAM bargaining unit
10 employees pursuing additional education.

11 The Company has implemented a financial assistance program named
12 Learning Together. This program is similar in scope to Education
13 Assistance, but provides restricted stock awards not available to Education
14 Assistance participants, and unlike Education Assistance has no fund
15 limitations. In addition, Learning Together is made available to all Boeing
16 employees.

17 In the spirit of joint cooperation, the Union and the Company agree to the
18 following:

- 19 • Learning Together and Education Assistance will co-exist.
- 20 • Education Assistance will continue to be co-managed by the Union
21 and the Company through Joint Programs.
- 22 • Joint Programs will administer Education Assistance for IAM
23 participants at District 24, District 70, and District 751.
- 24 • Participants will receive the most favorable benefits of either
25 Learning Together or Education Assistance.
- 26 • Participants' cost within Learning Together Guidelines will be
27 borne by Learning Together.
- 28 • IAM participants who complete doctorate, masters, bachelors,
29 and/or two-year associate degrees will be awarded restricted stock
30 in units identical to those awarded in Learning Together.

31 Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 26

SUBJECT: ADMINISTRATION OF JOINT PROGRAMS

1 **A. IAM/Boeing Joint Programs National Governing Board.** The Union and
2 the Company agree to establish the IAM/Boeing Joint Programs National
3 Governing Board (Governing Board) comprised of five (5) representatives
4 from each party. The Union representatives will include the IAM/Boeing
5 Aerospace Coordinator, the Directing Business Representatives from
6 District 751, 70 and 24, and the Union's Joint Programs Executive Director.
7 The Company's representatives will include four (4) Senior Executives and
8 the Company's Joint Programs Executive Director. The Joint Programs
9 Executive Directors will be non-voting members of the Board.

10 The Chair of the Governing Board shall serve a one (1)-year term and rotate
11 between the Directing Business Representative of District Lodge 751 and a
12 Boeing Senior Executive.

13 The Governing Board will provide general direction and guidance and
14 establish policy for the IAM/Boeing Joint Programs (Joint Programs). In
15 addition, the Governing Board shall establish the annual budgets and
16 approve expenditures of funds as outlined in the parties' Letter of
17 Understanding No. 18, entitled Expenditure of Funds under Article 16 and
18 Article 20.

19 The Governing Board shall meet twice a year to approve Joint Programs
20 activities and assess if progress is being made towards accomplishing the
21 Mutual Objective of the Joint Programs.

22 **B. IAM/Boeing Joint Programs Executive Directors.** The parties recognize
23 that an efficient administrative support process is essential to attaining the
24 goals of the IAM/Boeing Health and Safety Institute (HSI), the IAM/Boeing
25 Quality Through Training Program (QTTP) and any other joint efforts the
26 parties may establish. In order to further this process, the parties have
27 established the positions of IAM/Boeing Joint Programs Executive
28 Directors. The Union and the Company shall appoint their respective
29 parties' Executive Director. As directed by the IAM/Boeing Joint Programs
30 National Governing Board, the Executive Directors will provide oversight
31 for day-to-day operations of the Joint Programs and will coordinate the
32 activities of the administrative staffs established by Sections 16.2(b) and
33 20.3(c) of the parties' Collective Bargaining Agreement and Section C of
34 this Letter of Understanding No. 26.

1 **C. IAM/Boeing Joint Programs Administrative Staff – Co-Directors.** The
2 Union and the Company acknowledge the need for enhanced support of
3 Joint Programs services. Therefore, the parties agree to maintain
4 IAM/Boeing Joint Programs Co-Director positions. The Union and the
5 Company shall appoint their respective parties' Co-Directors. The Co-
6 Directors, as coordinated by the Executive Directors, will provide
7 leadership for the IAM/Boeing Health & Safety Institute, the IAM/Boeing
8 Quality Through Training Program and any other programs as approved by
9 the National Governing Board.

10 **D. IAM/Boeing Joint Programs Administrative Staff – HSI/QTTP.** The
11 combined HSI/QTTP Administrative Staff will be comprised of a minimum
12 of nine (9) individuals named by each party. At least one (1) individual of
13 each party shall be from the Wichita and Portland primary locations and
14 will provide support for both the IAM/Boeing HSI and the IAM/Boeing
15 QTTP programs. The Directing Business Representatives from Districts 24
16 and 70 will be responsible for selecting their respective Union
17 Representatives.

18 The combined Administrative staff, as coordinated by the Executive
19 Directors, will provide support for the IAM/Boeing Health & Safety
20 Institute, the IAM/Boeing Quality Through Training Program and any other
21 programs as approved by the National Governing Board.

22 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 27**

2 **SUBJECT: ACCELERATED LAYOFF**

3 The Company and the Union agree that, subject to management approval,
4 employees who have been identified for and notified (either directly or to
5 the Union) of potential layoff may request acceleration of the anticipated
6 layoff date provided that management shall grant such a request when such
7 employees have provided satisfactory proof that they have accepted a job
8 offer from another employer. Employees whose requests are granted shall
9 be given a release date of not more than two (2) weeks (fourteen (14)
10 calendar days) following the date the request was granted.

11 Employees granted an accelerated layoff date shall be regarded as having
12 Category A rights of recall as set forth in Section 22.9 of the parties'
13 Collective Bargaining Agreement only upon receipt, following their layoff,
14 of an effective application as described in Section 22.1(d). Neither Section
15 22.7 nor 22.10 shall apply to such employees. Employees granted an
16 accelerated layoff date will be required to sign a form waiving any rights
17 under the Worker Adjustment and Retraining Notification Act to a full sixty
18 (60)-day period of employment prior to the layoff.

19 Employees granted an accelerated layoff date will be paid layoff benefits if
20 they meet the eligibility criteria set forth in Article 23 of the parties'
21 Collective Bargaining Agreement.

22 Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 28

SUBJECT: CONTINUOUS PRODUCTIVITY IMPROVEMENT

1 The Union and the Company agree that it is to their mutual benefit in a
2 competitive global environment, to work together to continuously improve
3 the production system through productivity improvement activity. The
4 parties agree that to increase employee understanding, acceptance and
5 support in the area of productivity improvement, it is in their best interest to
6 engage IAM/Boeing Joint Programs.

7 IAM/Boeing Joint Programs, in support of other Boeing productivity
8 improvement initiatives and organizations, will develop and initiate
9 programs and activities in the areas of training, education, and
10 implementation. This effort will be aimed at improving safety, quality of
11 work life and overall productivity of the Boeing Production System.

12 The parties agree that the Company will provide the necessary funding in
13 support of the activity stated above. The Company will provide one (1)
14 million dollars to IAM/Boeing Joint Programs per year. Amounts not spent
15 in one annual period shall carry over to the next year, but not beyond the
16 expiration of this Agreement.

17 The Company agrees to continue funding through December 31, 2011 at the
18 levels previously approved by the 2011 IAM/Boeing Joint Programs
19 budget.

20

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Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 29**

2 **SUBJECT: USE OF CAREER GUIDES**

3 The purpose of this Letter of Understanding is to define the scope and usage
4 of Career Guides as developed by Joint Programs.

5 Joint Programs is responsible for creating and maintaining Career Guides.
6 Career Guides are based on a review of the work requirements for each job
7 covered by the parties' Collective Bargaining Agreement in the Puget
8 Sound, Wichita and Portland units.

9 The parties agree that the purpose of the Career Guides is to provide up-to-
10 date career development and training information for each job. Career
11 Guides do not redefine Standard Factory Job Descriptions currently utilized
12 in the existing job classification system. Use of the Guides shall be limited
13 to Joint Programs career development programs or other programs as
14 agreed to by the Union and the Company.

15 The parties further agree that no portion of the Career Guides shall be used
16 as the basis for, or as evidence in, any proceedings under Articles 13, 19,
17 22, the Rules Governing Application of Job Descriptions, or the Glossary of
18 Terms and Phrases of the parties' Collective Bargaining Agreement.

19 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 30**

2 **SUBJECT: SHAREVALUE PROGRAM**

3 The Boeing Company and the Union agree that all eligible represented
4 employees may participate in the Boeing ShareValue Program (also known
5 as the ShareValue Trust) for the duration of this Agreement. The parties
6 agree that the Company's success depends upon the ability to return long-
7 term value to the shareholders. The intent of this Program is to help inform
8 employees about what makes a business run and produces shareholder
9 value, and to allow employees to share in the results of their efforts to
10 increase shareholder value. If the ShareValue Program is continued beyond
11 its current termination date, all eligible bargaining unit employees may
12 continue to participate.

13 Employees will be eligible to participate in accordance with the governing
14 provisions of the ShareValue Program as set forth in the official Program
15 documents. In the event of any conflict between this Letter of
16 Understanding and the official ShareValue Program documents, the official
17 ShareValue Program documents will prevail in every case.

18 Eligible participants will proportionally share in a ShareValue Program
19 distribution based on the number of months they were eligible to participate
20 during any investment period falling within the term of this Agreement or
21 any preceding Agreement that provided for their participation in the
22 ShareValue Program.

23 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 31**

2 **SUBJECT: TECH PREP STUDENTS**

3 The Boeing Company in 1993 started a comprehensive program for high
4 school students leading to a Manufacturing Technology Associate Degree
5 from ten (10) Puget Sound, Portland area, and Wichita community or
6 technical colleges. This degree program encompasses ten (10) core
7 competencies which have been validated and verified by 177 manufacturing
8 companies including The Boeing Company's Puget Sound and Portland
9 sites. The purpose of this Letter of Understanding is to provide agreement
10 between Boeing and the IAM concerning the on-site internship for these
11 college students.

- 12 1. The students' status will be as follows:
- 13 (a) Students will be placed in the internship through an outside
14 agency, which will be their employer. The internship will last
15 a maximum of eight (8) weeks.
- 16 (b) During their assignment, students will perform production
17 work and maintenance under the guidance of one (1) or more
18 IAM-represented employees.
- 19 (c) The cognizant IAM-represented employees and their
20 supervisors will make recommendations regarding Boeing's
21 hiring of students after the internship concludes.
- 22 (d) Students will be required to donate \$28.00 to "Guide Dogs of
23 America" during this internship. Such contribution will be by
24 payroll deduction during the first month of employment.
- 25 (e) The number of students participating in the "job shadowing"
26 portion of the Program will not exceed ninety (90) students
27 each year. These students will not replace IAM-represented
28 employees or prevent IAM-represented employees from being
29 recalled from layoff.
- 30 2. The student's work schedule will be Monday through Friday on
31 either first or second shift, not to exceed forty (40) hours per week.
- 32 3. The students will be paid at the rate of \$9.50 per hour during their
33 first summer and \$10.50 per hour during their second summer.
- 34 4. The students are not Boeing employees and thus will not be
35 eligible for any benefits, including but not limited to medical and
36 dental coverage and vacation and sick leave credits, described in
37 the parties' Agreement.
- 38 5. The parties agree to meet and discuss any concerns that may arise
39 during the course of this Program with the local Directing Business
40 Representative.

1 6. Two hours of a new student's internship shall be devoted to safety
2 education and orientation provided by the local Health and Safety
3 Institute Site Committee. This education and orientation shall
4 include but not be limited to personal protective equipment use,
5 emergency evacuation, shelter-in-place procedures and machine
6 guarding.

7 Dated: November 2, 2008

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LETTER OF UNDERSTANDING NO. 32

SUBJECT: IAM SHARES PAYROLL DEDUCTION

The Company agrees to provide a payroll deduction service to IAM-represented employees who choose to invest in the IAM Shares Mutual Fund managed by CitiStreet. This service will begin as soon as practicable. The Company will play no role in promoting or otherwise communicating the availability of this service, other than to ensure there is a clear distinction between the service and the Company's Voluntary Investment Plan.

Dated: November 2, 2008

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LETTER OF UNDERSTANDING NO. 33

**SUBJECT: LIFE INSURANCE AND AD & D
PAYROLL DEDUCTION**

The Company agrees to provide a payroll deduction service to IAM-represented employees who choose to purchase life insurance or accidental death and dismemberment coverage through payroll deduction. Such coverage will be provided through Union Labor Life Insurance Company. This service will begin as soon as practicable. It is understood that the Company is not the plan sponsor and is not responsible for plan administration, enrollment, or communication.

Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING 34**
2 **SUBJECT: LUMP SUM PAYMENTS**

3 The Company agrees to pay a lump sum payment to employees who on
4 September 3, 2008 were covered by this Agreement and on (a) the active
5 payroll on September 3, 2008 (including a leave of absence of ninety (90)
6 days or less) or (b) approved military leave of absence on September 3,
7 2008 pursuant to Section 6.6(b), even if such military leave of absence is
8 longer than ninety (90) days. The lump sum payment will be the greater of
9 (a) ten (10) percent of their bargaining unit gross earnings during the period
10 August 31, 2007, through September 4, 2008, less applicable withholding,
11 or (b) \$5000, less applicable withholding. The lump sum payment will be
12 paid within thirty (30) days of ratification of the Agreement. Bargaining
13 unit gross earnings are defined as that portion of an eligible employee's
14 total earnings while in the bargaining unit which is computed at the
15 employee's base rate plus cost of living adjustment rate, military pay
16 differential, shift differential rate, team leader premium and non-regular
17 workweek premium rate, as applicable, on regular and overtime hours
18 worked, overtime bonus hours, third shift bonus hours, sick leave hours,
19 vacation hours, holiday hours, report time hours and leave with pay hours.
20 All other payments to an employee, imputed or otherwise, including this
21 payment, are excluded from bargaining unit gross earnings for purposes of
22 computing the lump sum payment.

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

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

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

44 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 35**

2 **SUBJECT: PATIENT SAFETY STANDARDS**

3 Consistent with the Parties' commitment to ensuring that employees have
4 access to cost effective, quality health care coverage as detailed in Letter of
5 Understanding No. 15, the parties agree that the term "patient safety
6 standards", as set forth in Attachment A and Attachment B of the parties'
7 Collective Bargaining Agreement, shall be modified to be defined in its
8 entirety as follows, effective immediately and continuing until the
9 expiration of the Collective Bargaining Agreement.

10 Patient safety standards refer to nationally recognized criteria for making
11 hospital services safer. A hospital meets patient safety standards if it meets
12 established criteria such as those listed below. The hospital must publicly
13 certify upon request that it meets all criteria and the statements pertaining to
14 standards are accurate and reflect normal operating procedures at the
15 hospital. The criteria include:

16 **a. Criteria for Network Hospital Admissions for Complex Procedures**

17 Evidence-based Hospital Referrals: for patients admitted for one of
18 several complex procedures (coronary artery bypass grafts,
19 percutaneous coronary intervention, abdominal aortic aneurysm repair,
20 pancreatic resection, esophagectomy and high risk deliveries), network
21 hospitals must meet experience criteria, consisting of process, volume,
22 and/or outcome measures, for the performance of the specific
23 procedure. If complex procedures as identified by national standards
24 change in the future, the parties agree that they will meet and discuss
25 the changes.

26 **b. Criteria for Other Network Hospital Admissions**

27 For patients admitted for all other procedures or conditions, network
28 hospitals must meet the following standards:

29 **Computerized Physician Order Entry:** Prior to January 1, 2005, the
30 hospital must publicly assure that by January 1, 2005, physicians will
31 enter at least 75 percent of inpatient medication orders via a computer
32 linked to error-prevention software. The software must be capable of
33 alerting physicians to at least 50 percent of common, serious
34 prescribing errors. On and after January 1, 2005, the hospital must
35 publicly assure that it actually fulfills these capabilities.

36 **Intensive Care Unit Staffing:** On and after July 1, 2004, the hospital
37 publicly assures that its adult and/or pediatric intensive care unit is
38 managed or co-managed by critical care specialists who:

- 39 1. Are present during daytime hours and exclusively provide
40 clinical care in the ICU, and

1 2. At all other times, can return urgent ICU paging calls within
2 five (5) minutes and arrange for a physician or FCCS-certified
3 non-physician specialist to reach ICU patients within five
4 minutes at least 95 percent of the time.

5 In geographical areas where scientifically rigorous, risk-adjusted
6 outcome comparisons are publicly reported for intensive care unit
7 performance, favorable risk-adjusted outcomes may replace the above
8 criteria for intensive care unit staffing.

9 Dated: November 2, 2008

1
2 **LETTER OF UNDERSTANDING NO. 36**

3 **SUBJECT: TEAM LEADER**

4 The parties recognize that certain work groups may benefit from the
5 designation of an employee as a team leader for the purpose of creating and
6 maintaining a team environment and coordinating operational issues. The
7 Company will determine the necessity for, and number of, team leader
8 assignments. The team leader will serve as the leader of all bargaining unit
9 employees in the assigned work group, irrespective of the job classifications
10 of those employees. The selection of a team leader shall not be considered
11 the establishment of a new job for the purposes of Article 13.

12 The selection of an employee for a team leader assignment shall be made in
13 the following manner: Employees who meet the minimum criteria for a
14 team leader assignment will self-nominate for a posted open team leader
15 assignment. Open team leader assignments will be posted for a minimum
16 of five (5) work days. A structured interview will be utilized to select
17 recommended candidate(s). If the posted team leader assignment is filled
18 by the Company, and there are two or more recommended candidates for
19 the assignment, the recommended candidate with the greatest bargaining
20 unit seniority will be selected. The provisions of Article 13 and 22 shall not
21 apply to such selection.

22 Effective September 5, 2008, an employee selected for a team leader
23 assignment shall be paid a premium of \$2.00 per hour above his/her current
24 base rate.

25 Employees assigned as team leaders shall not formally appraise the work of
26 other employees or make, as a result of solicitation by their supervisor,
27 recommendations concerning employment, release, transfer, upgrade, or
28 disciplinary action relative to other employees, be directly responsible for
29 the quantity or quality of work produced by other employees, be responsible
30 for the assignment of overtime within the shop, be required to take
31 attendance for other than purposes of making detailed work allocations, or
32 be responsible for handing out paychecks. When authorized by the
33 Company, a team leader may delegate a portion of his/her allocated work to
34 employees in the team leader's group.

35 Current leads will not lose grade or pay as a direct result of team leader
36 assignments.

37 The parties agree to form a committee, consisting of an equal number of
38 Company and Union Representatives. The committee will review the
39 existing team leader selection process and discuss whether additional

1 training should be provided to bargaining unit employees who seek Team
2 Leader assignments and/or to existing Team Leaders for skill enhancement.
3 The committee will meet for the duration of this Agreement.

4 Nothing in this Letter of Understanding will be subject to the grievance and
5 arbitration procedure in Article 19, with the exception of the seniority-based
6 selection of recommended candidates. Additionally, nothing in this Letter
7 of Understanding will alter or impact the Company's right to select any
8 bargaining unit employee for a temporary team leader assignment for a
9 period of time not to exceed ninety (90) days. The following issues may be
10 appealed by the Union through Step 3 of the grievance procedure set forth
11 in Section 19.2 of the Agreement, but will not be subject to arbitration: (1)
12 the Company's decision to discontinue the assignment of any bargaining
13 unit employee selected for a team leader position; (2) a team leader progress
14 review; and (3) the duration of a temporary team leader assignment.

15 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 37**

2 **SUBJECT: MATERIALS DELIVERY AND INVENTORY PROCESS**

3 The Company and the Union agree that parts, materials, tools, kits and other
4 goods or products furnished by an internal or external supplier, vendor,
5 contractor, or subcontractor may be delivered or presented to the Company
6 at any location to be designated by the Company, including but not limited
7 to local receiving areas, staging areas, parts control areas, materials and tool
8 storage areas, and/or factory locations where parts or assemblies are
9 installed. Such locations will be staffed, as necessary, with Company
10 employees, including bargaining unit employees in classifications
11 responsible for receiving and distribution, and job functions performed by
12 employees that fall within bargaining unit job description(s) will continue to
13 be performed by such bargaining unit employees.

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

21 The Company's Materials Delivery Group Process Owner will consult with
22 the Union Site Representatives on a monthly basis to discuss activities and
23 issues related to the Materials Delivery and Inventory process and to discuss
24 opportunities to improve the process, including the most efficient use of
25 Boeing employees and resources and the implementation of new
26 technology. Upon the Union's request, the Company will conduct a
27 quarterly review to discuss decisions or issues with the Materials Delivery
28 and Inventory process from the previous quarter's activity.

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

38 Nothing in this Letter of Understanding will be construed to permit
39 suppliers or vendors to install parts or components on the airplane, unless
40 the vendors or suppliers are correcting errors or performing warranty work.

41 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 38**

2 **SUBJECT: SI&A / MSE INFRASTRUCTURE, ROLES**
3 **AND RESPONSIBILITIES**

4 Self-Inspection and Acceptance (SI&A) / Manufacturing Self Examination
5 (MSE) is the process of having the employee who made the product, or
6 performed the task, also check the product or task data, and indicate that the
7 product/task conforms to requirements. This is indicated by having the
8 same employee stamp off his or her work as conforming to requirements.

9 In February, 2001, a joint IAM/Company committee was formed in an
10 effort to facilitate resolution of issues and concerns regarding
11 implementation and maintenance of SI&A programs. The committee's
12 charter was and is to work together to improve the SI&A implementation
13 and maintenance process. As further described below, the committee will
14 remain available as a resource to provide guidance and direction for the Site
15 Representatives as necessary. This committee shall be referred to as the
16 SI&A Leadership Committee.

17 The committee recommended changes to improve SI&A / MSE
18 implementation and maintenance processes. It reviewed currently
19 implemented areas and met with affected employees to establish some of
20 the existing best practices and areas of concerns. This provided the insight
21 to make improvements in several areas. The committee also developed and
22 implemented improvements to our procedures and infrastructure for SI&A /
23 MSE, and identified and documented the type of environment required to
24 foster successful implementation. To accomplish those changes, the
25 committee modified the procedures to provide criteria for implementation
26 readiness evaluation, for monitoring progress to ensure sustainability of the
27 program, and identification of the environmental factors that will lead to
28 successful implementation of SI&A / MSE programs.

29 The primary purpose of this Letter is to define the roles, responsibilities and
30 interaction within the SI&A / MSE infrastructure.

31 **Site Representatives**

32 Each site having implemented or that is in the process of implementing
33 SI&A / MSE will have two (2) Site Representatives, one (1) from the
34 Company and one (1) from the Union, to be appointed by their respective
35 leadership. Additional Site Representatives may be added upon mutual
36 agreement between the Company and the Union. These individuals should
37 be (or be interested in becoming) an SI&A / MSE subject matter expert. It
38 is expected that they will have completed all SI&A / MSE prerequisite
39 courses and have had exposure to SI&A / MSE. They should have
40 excellent conflict resolution and communication skills.

1 The Site Representatives' primary responsibilities are to act as a resource to
2 the employees, management, and area committees; to provide information
3 and perform monitoring activities; to attend meetings and participate as
4 required; and to resolve issues and concerns elevated to them by area
5 committees. They will also help coordinate and participate in area SI&A /
6 MSE overview presentations. They will need to stay informed of SI&A /
7 MSE implementation progress and issues across BCAG & IDS as a
8 network, to identify and spread "best practices" tools, and to encourage
9 communication.

10 The Company will provide a reasonable amount of time for the Site
11 Representatives to perform their required duties. As determined by the
12 SI&A Leadership Committee, training and education requirements will be
13 provided to the Site Representatives.

14 **Area Management**

15 Area management will provide active support for the implementation and
16 maintenance of SI&A / MSE by fostering an environment that encourages
17 engagement and supports the desired culture and values identified as keys
18 for success.

19 **Area Committees**

20 The area committees have the primary responsibility for implementation
21 and ongoing maintenance of SI&A / MSE in a specific shop or work area.
22 The area committees should decide the meeting frequency and include at
23 least the following functional representation: Quality & Manufacturing
24 IAM members and management. Additional participants, such as Quality
25 Engineering and Manufacturing Engineering, will be asked to participate as
26 needed and determined by the Area Committee. The area manager and the
27 Site Representative will work together to select area committee members.
28 The active involvement of each of these team members is critical to success,
29 and adequate time should be allowed to ensure this involvement takes place.
30 The number of committee members should be appropriate to the size and
31 complexity of the implementation work statement. Their responsibility is to
32 work with Quality Engineering in assessment of the suitability of SI&A /
33 MSE for the work area statement.

34 This assessment should include consideration of work content as well as
35 current process capability and control. The area committee must ensure
36 adequate employee involvement and understanding of the SI&A / MSE
37 process. This includes addressing any concerns or issues and elevation of
38 unresolved issues to the Site Representatives for assistance. The area
39 committee will provide input and oversee the initial and ongoing employee
40 training and assessment processes to ensure each individual's skill and
41 knowledge is adequate to perform the SI&A / MSE function and that any
42 knowledge gaps are constructively addressed through additional training.
43 Additionally, they may be involved in the development of training as

1 required. After implementation of SI&A / MSE, the responsibility of the
2 committee will change from active engagement in the development process
3 to that of monitoring success and resolving concerns. In this role they can
4 suggest improvements and handle questions or concerns by resolving
5 locally or elevating to the Site Representatives for assistance. The area
6 committee will also keep the Site Representatives informed on general
7 implementation progress and ongoing maintenance so that they will be able
8 to identify “best practices” and communicate to the Site Representative
9 network.

10 **Training Programs**

11 IAM/Boeing Joint Programs, may assist in the development of and
12 implementation of education, training and retraining needs to support those
13 organizations implementing SI&A / MSE.

14 This Letter, together with PRO-1125, Self-Inspection and Acceptance
15 Requirements and BPI-298 Self Inspection and Acceptance, and/or the
16 D950-10306-1 IDS site specific MSE command media, is intended to
17 provide the framework necessary for successful implementation. It is the
18 expectation of this committee that all parties involved in the implementation
19 and maintenance of SI&A / MSE will adhere to the guidelines and
20 principles described in PRO-1125 and BPI-298, and/or the D950-10306-1
21 IDS site specific MSE command media.

22 Dated: November 2, 2008

1 **LETTER OF UNDERSTANDING NO. 39**

2 **SUBJECT: JOINT COMMITTEE TO STUDY EMPLOYMENT**
3 **STABILIZATION**

4 The Company and the Union are committed to studying the feasibility of
5 mitigating the disruption that results from large hiring and layoff cycles.
6 The parties agree to form a Joint Committee to study employment
7 stabilization. The Committee will have an equal number of representatives,
8 including a co-chair, from each party. The Committee will study
9 approaches that will keep employment levels stable and cost effective
10 during layoff and hiring cycles. The Committee will complete its study
11 within twelve (12) months of the ratification of this Agreement.

12 Any recommendations reached by the Committee will be implemented only
13 upon the mutual agreement of the parties.

14 Nothing in this Letter of Understanding will impact, limit or impair either
15 party's rights under this Agreement.

16
17 Dated: November 2, 2008

ATTACHMENT A

**HEALTH
AND
INSURANCE PLANS**

ATTACHMENT A
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Eligibility

Eligible Employees

You are eligible for the Package if you are an active Boeing employee represented by one of the following International Association of Machinists and Aerospace Workers, AFL-CIO, Collective Bargaining Agreements: Aerospace Industrial District Lodge No. 751, District Lodge No. 70, and District Lodge No. 24. You are not eligible to enroll if you are working in a capacity that, at the sole discretion of the plan administrator, is considered contract labor or independent contracting.

Eligible Dependents

Dependents eligible for the medical and dental plans are your legal spouse (as recognized under both applicable state law and the Internal Revenue Code) and children (natural children, adopted children, children legally placed with you for adoption, and stepchildren) who are under age 25, unmarried, and dependent on you for principal support.

You may request coverage for the following dependents:

- An opposite-gender common-law spouse if the relationship meets the common-law requirements for the state where you entered into the common-law relationship.
 - A same-gender domestic partner if
 - You and your partner live in the same permanent residence in a permanent, exclusive, emotionally committed, and financially responsible relationship similar to a marriage.
 - Your partner is at least 18 years old, is not related to you by blood, is not married to or separated from another person or involved in another domestic partner relationship.
 - Your domestic partner relationship is not solely to obtain coverage under the Plan.
- A same-gender domestic partner is considered a spouse for the purpose of the medical and dental plans.
- Some states have laws that require insured health plans to offer coverage for certain registered domestic partners.
- Unmarried children of your same-gender domestic partner who are under age 25 and dependent on you for principal support. These children are considered stepchildren for the purpose of the medical and dental plans.

- 1 • Other children, as follows, who are under age 25, unmarried, and
2 dependent on you for principal support:
- 3 – Children who are related to you either directly or through marriage
4 (e.g., grandchildren, nieces, nephews).
- 5 – Children for whom you have legal custody or guardianship (or for
6 whom you have a pending application for legal custody or
7 guardianship) and are living with you.

8 Proof of dependent eligibility will be required.

9 In accordance with Federal law, the Company also provides medical and
10 dental coverage to certain dependent children (called alternate recipients) if
11 the Company is directed to do so by a qualified medical child support order
12 (QMCSO) issued by a court or state agency of competent jurisdiction.

13 Documentation is required to request coverage for dependents, including a
14 child named in a QMCSO, a child for whom you have been given legal
15 custody or guardianship, a spouse, or a same-gender domestic partner or his
16 or her children. You must provide the Boeing Service Center with any
17 required supporting documentation by the date specified by the Boeing
18 Service Center or your request will be denied.

19 **Special Provisions When Family Members Are Boeing Employees**

20 If your spouse, same-gender domestic partner, or dependent child is
21 employed by Boeing and eligible for any type of benefit plan offered by
22 Boeing, your dependent must be covered separately under the plan or plans
23 available to that dependent.

24 No person may be covered both as an employee (active or retired) and as a
25 dependent under any type of plan offered by Boeing, and no person will be
26 considered a dependent of more than 1 employee. Eligible dependents do
27 not include other Boeing employees covered under any Company-
28 sponsored plan providing medical, vision care, prescription drug, dental, or
29 similar services. However, if your spouse is a part-time Boeing employee,
30 retired, on approved leave of absence or layoff, or an employee of a
31 subsidiary company, your spouse and eligible dependent children are
32 considered eligible dependents if other Boeing coverage is waived. If you
33 and your spouse both are Boeing employees and have dependent children,
34 you both may elect medical and dental coverage for eligible children under
35 1 parent's plans. As an alternative, parents may elect medical coverage for
36 eligible children under 1 parent's plan and dental coverage under the other
37 parent's plan. In either case, all eligible children must be enrolled in the
38 same medical plan and the same dental plan (except as required by a
39 QMCSO). The same provisions apply to a same-gender domestic partner
40 and his or her children.

1 **Disabled Children**

2 A disabled child age 25 or older continues to be eligible (or enrolled if you
3 are a newly eligible employee) if a physician provides proof that he or she
4 is incapable of self-support due to any mental or physical condition that
5 began before age 25. You may be required to confirm the disability from
6 time to time. The child must be unmarried and dependent on you for
7 principal support. Coverage continues under the medical and dental plans
8 for the duration of the incapacity as long as you continue to be enrolled in
9 the plans and the child continues to meet these eligibility requirements.

10 Special applications for coverage are required for disabled dependent
11 children age 25 or older.

12 **Enrollment**

13 **Life and Disability Plans**

14 You automatically are enrolled in the Life Insurance Plan, Accidental Death
15 and Dismemberment Plan, Short-Term Disability Plan, and Survivor
16 Income Plan when eligible. You may designate a beneficiary for life and
17 accident benefits through the Boeing Service Center.

18 **Medical Plans**

19 In designated locations, the Company provides you with a choice of
20 medical plans.

21 You receive enrollment instructions at the time of employment and may
22 elect medical coverage under 1 medical plan available in your location by
23 the date indicated on the enrollment worksheet. You and all your eligible
24 dependents must be enrolled in the same medical plan, except as specified
25 in the Eligibility section.

26 • If you do not enroll in a medical plan by the date indicated on the
27 enrollment worksheet, you will be enrolled automatically in the
28 Traditional Medical Plan for employee-only coverage.

29 • For your spouse or same-gender domestic partner, you must provide
30 information regarding coverage available through another employer to
31 determine whether or not special contributions are required to enroll him
32 or her. If you do not authorize a required contribution, he or she will not
33 be enrolled for medical coverage. You will not be able to enroll your
34 spouse or same-gender domestic partner until the earlier of:

35 – The next annual enrollment period.

36 – The date your spouse or same-gender domestic partner loses the option
37 to be covered under the other employer-sponsored medical plan.

38 The Company will require periodic verification of data.

1 **Dental Plans**

2 In designated locations, the Company provides you with a choice of dental
3 plans. You receive enrollment instructions at the time of employment and
4 may elect dental coverage under 1 dental plan available in your location by
5 the date indicated on the enrollment worksheet.

6 If you do not enroll in a dental plan by the date indicated on the enrollment
7 worksheet, you will be enrolled automatically in the Incentive Dental Plan
8 for employee-only coverage.

9 **Annual Enrollment Period**

10 The Company establishes an annual enrollment period on or before
11 January 1 each year when you may change medical and/or dental plans.

12 **Special Enrollment Events**

13 If you declined coverage in the medical or dental plans for yourself and/or
14 your eligible dependents when you were first eligible because you or your
15 dependents had other health care coverage, you may enroll yourself and/or
16 your eligible dependents if you or your dependent experiences one of these
17 special enrollment events:

18 • You or your dependent loses or becomes ineligible for other health care
19 coverage because of an event such as loss of dependent status under
20 another health care plan (through divorce, legal separation, termination of
21 a same-gender domestic partnership, or dependent child reaching the
22 limiting age), death, termination of employment, reduction in hours of
23 employment, termination of employer contributions toward the coverage,
24 elimination of coverage for the class of similarly situated employees or
25 dependents, moving out of the plan's service area with no other coverage
26 available from the other health care plan, or reaching the lifetime limit on
27 all benefits under the other health care plan. If you or your dependent
28 reaches the lifetime limit under a Company plan, and you are eligible for
29 another Company plan in your area, you and your dependents may enroll
30 in that other plan.

31 • You or your dependent exhausts any continuation coverage from another
32 employer; that is, coverage provided under the Consolidated Omnibus
33 Budget Reconciliation Act of 1985, as amended (COBRA), ends.

34 • You gain a new dependent because of marriage, entering a same-gender
35 domestic partnership, birth, adoption, or placement for adoption.

36 **Note:** For this purpose, "other health care coverage" does not include
37 coverage through Medicare or Medicaid.

38 If you experience a special enrollment event, you can enroll yourself and/or
39 your eligible dependents in a medical and/or dental plan as described above.

1 You can enroll in any family status tier and any health plan option available
2 to you.

3 Special enrollment is not available if you lose coverage because of failure to
4 make timely premium payments or termination from the plan for cause
5 (such as for making a fraudulent claim).

6 If you decline enrollment in the medical and dental plans because of other
7 employer-sponsored health care coverage (such as through a spouse's
8 employer), you may be able to enroll yourself and eligible dependents in the
9 Company-sponsored medical and dental plans during the year as long as
10 enrollment is within 60 days after other coverage ends.

11 If you have a new dependent as a result of marriage, entering into a same-
12 gender domestic partner relationship, birth, adoption, or placement for
13 adoption, you may enroll the new dependent during the year as long as
14 enrollment is requested within 120 days after the qualified event.

15 **Qualified Status Changes**

16 If you experience one of the qualified status changes listed below, you may
17 be able to enroll in medical or dental coverage, change your current
18 coverage, or drop your coverage midyear. Any change to your coverage
19 must be consistent with the status change that affects your or your
20 dependent's eligibility for Company-sponsored health care coverage or
21 health care coverage sponsored by your eligible dependent's employer.

22 Qualified status changes are the following events:

- 23 • You marry, divorce, or become legally separated, or the marriage is
24 annulled.
- 25 • You enter into or dissolve a same-gender domestic partner relationship.
- 26 • You acquire a new, eligible dependent child, such as by birth, adoption,
27 or placement for adoption.
- 28 • Your spouse or same-gender domestic partner or dependent child dies.
- 29 • You or your spouse or same-gender domestic partner or dependent child
30 starts or stops working.
- 31 • You or your spouse or same-gender domestic partner or dependent child
32 has any other change in employment status that affects eligibility for
33 coverage such as changing from full time to part time (or part time to full
34 time), salaried to hourly (or hourly to salaried), strike or lockout, a
35 transfer between a nonunion salaried position and a union-represented
36 position, or beginning or returning from an unpaid leave of absence,
37 including an approved leave of absence in accordance with the Family
38 and Medical Leave Act.

- 1 • You or your spouse or same-gender domestic partner or dependent child
2 experiences a significant increase in the cost of employer-sponsored
3 health care coverage or the employer-sponsored health care coverage
4 ends, including expiration of COBRA coverage.
- 5 • The Company adds a new benefit option or significantly improves an
6 existing benefit option.
- 7 • You or your spouse or same-gender domestic partner or dependent child
8 experiences a significant curtailment or cessation of employer-sponsored
9 health care coverage.
- 10 • You or your spouse or same-gender domestic partner or dependent child
11 becomes eligible or ineligible for Medicare or Medicaid.
- 12 • Your dependent child becomes eligible for, or no longer is eligible for,
13 health care coverage due to age limits, principal support status, or a
14 similar eligibility requirement.
- 15 • You or your spouse or same-gender domestic partner or dependent child
16 makes an enrollment change in his or her employer-sponsored health care
17 coverage, either because of a qualified change in status or an annual
18 enrollment.
- 19 • You or your spouse or same-gender domestic partner or dependent child
20 changes place of residence or work, affecting access to care within the
21 current plan or access to network providers.
- 22 • You are transferred to a different division, affecting eligibility for
23 benefits under Company-sponsored health care plans.
- 24 • You or your spouse or same-gender domestic partner or dependent child
25 loses coverage under a group health plan sponsored by a governmental or
26 educational institution.

27 You also may change an election to comply with a qualified medical child
28 support order (QMCSO) to provide or cancel coverage for a dependent
29 child resulting from a divorce, annulment, or change in legal custody.

30 In most situations, you must request enrollment within 60 days after the
31 qualified event. You can enroll a new dependent within 120 days following
32 your marriage or entering into a same-gender domestic partner relationship
33 or a dependent child's birth, adoption, or placement for adoption. To
34 request enrollment for a new dependent more than 60 days but within 120
35 days after marriage, entering into a same-gender domestic partner
36 relationship, birth, adoption, or placement for adoption, you must call the
37 Boeing Service Center and speak with a customer service representative.
38 You must provide the Boeing Service Center with any required supporting

1 documentation by the date specified by the Boeing Service Center or your
2 request will be denied.

3 **Effective Date of Coverage**

4 **Employees**

5 If you are a newly hired employee, the Package becomes effective as
6 follows:

- 7 • Medical and dental coverage becomes effective on the first day of the
8 month following your first day of employment.
- 9 • Life insurance, accidental death and dismemberment, short-term
10 disability, and survivor income coverage becomes effective on the first
11 day of the month following your first day of employment, provided you
12 are actively at work on that date.

13 You must be on the active payroll on the first day of the month.

14 For coverage during a leave of absence, see the Leaves of Absence section.

15 **Dependents**

16 Current eligible dependents are covered for medical and dental benefits on
17 the same date your coverage is effective. Eligible dependents acquired after
18 your coverage is effective become covered on the date of marriage or
19 entering into a same-gender domestic partner relationship, date of birth, or
20 date the child is legally placed with you for adoption, if application is made
21 within 120 days of the event. For other newly eligible dependents, coverage
22 is effective on the date dependency is established, if application is made
23 within 60 days.

24 You authorize required contributions when enrolling eligible dependents.

25 **Life Insurance Plan**

26 The life insurance benefit is \$32,000. The total amount is payable in the
27 event of your death from any cause at any time or place while covered.
28 Payment is made in a lump sum or installments to the designated
29 beneficiary. You may change beneficiaries at any time by contacting the
30 Boeing Service Center.

31 If you become permanently and totally disabled for longer than 6 full
32 calendar months at any time before age 60 and while covered under the
33 plan, the life insurance benefit is paid as a permanent and total disability
34 benefit in monthly installments of \$500 beginning the first day of the month
35 after the service representative receives proof of the disability. The
36 disability must have existed continuously for 6 months and be expected to
37 keep you, for life, from performing any work for compensation or profit.
38 The installments continue while you remain totally and permanently

1 disabled until the life insurance benefit, with interest on the unpaid balance,
2 is exhausted. (The final installment is for the balance of the fund.) If you die
3 while entitled to receive this monthly benefit, your beneficiary receives the
4 balance of the life insurance benefit and the accrued interest credited to date
5 of death in a lump sum. Separate periods of total disability resulting from
6 the same or related causes and separated by less than 30 days of active work
7 are considered one period of total disability.

8 If you recover and return to work, the unpaid installments plus accrued
9 interest to date are reinstated as the total life insurance benefit. Payments for
10 a subsequent disability are limited to this reduced amount.

11 If you recover but do not return to work, all coverage terminates. You may
12 then convert the total unpaid installments plus accrued interest under the
13 conversion of benefits provision.

14 The rate of interest allowed on the unpaid balance is the rate for special
15 settlement methods under the individual life insurance policies issued by the
16 service representative.

17 Proof of disability must be furnished within 12 months of the date active
18 work ends.

19 **Accidental Death and Dismemberment Plan**

20 Accidental death and dismemberment benefits are provided if your loss of
21 life, paralysis, or loss of hand, foot, eyesight, hearing, or speech is caused
22 by a covered accident (including an occupational accident) that occurs while
23 you are covered under the plan.

24 The full principal sum, \$32,000, is paid to your beneficiary if you die. This
25 amount is in addition to any amount payable under the group life insurance
26 coverage.

27 The following benefits are payable if the covered injury causes any of the
28 following losses within 365 days after the covered accident:

Loss	Percentage of Principal Sum
Life	100%
Quadriplegia	100%
Both Hands or Both Feet	100%
Sight of Both Eyes	100%
1 Hand and 1 Foot	100%

Loss	Percentage of Principal Sum
1 Hand and the Sight of 1 Eye	100%
1 Foot and the Sight of 1 Eye	100%
Speech and Hearing in Both Ears	100%
Paraplegia	75%
Hemiplegia	50%
1 Hand or 1 Foot	50%
Sight of 1 Eye	50%
Speech or Hearing in Both Ears	50%
Hearing in 1 Ear	25%
Thumb and Index Finger of Same Hand	25%

1 “Loss” of a hand or foot means the complete severance through or above
2 the wrist or ankle joint. “Loss” of sight of an eye means the total and
3 irrecoverable loss of the entire sight in that eye. “Loss” of hearing in an ear
4 means the total and irrecoverable loss of the entire ability to hear in that ear.
5 “Loss” of speech means the total and irrecoverable loss of the entire ability
6 to speak. “Loss” of a thumb and index finger means the complete severance
7 through or above the metacarpophalangeal joint of both digits.

8 “Quadriplegia” means the complete and irreversible paralysis of both upper
9 and both lower limbs. “Paraplegia” means the complete and irreversible
10 paralysis of both lower limbs. “Hemiplegia” means the complete and
11 irreversible paralysis of the upper and lower limbs of the same side of the
12 body.

13 “Injury” means bodily injury caused by an accident occurring while you are
14 covered under the plan, and resulting directly and independently of all other
15 causes in death or loss as listed above.

16 If you sustain more than 1 loss as the result of the same accident, no more
17 than 100% of the principal sum will be paid.

18 If you are unavoidably exposed to the elements due to an accident occurring
19 while covered under this plan, and as a result of such exposure suffer a loss
20 for which a benefit is otherwise payable, the loss will be covered under the
21 terms of this plan.

1 If your body has not been found within 1 year of the disappearance, forced
2 landing, stranding, sinking, or wrecking of a vehicle in which you were an
3 occupant while covered under this plan, the loss will be covered as an
4 accidental death under the terms of the plan.

5 No plan benefits will be paid for a death or loss caused in whole or in part
6 by, or resulting in whole or in part from:

- 7 • Suicide or intentionally self-inflicted injury.
- 8 • Declared or undeclared war or act of declared or undeclared war
9 occurring in the continental limits of the United States, unless it is an act
10 of terrorism.

11 (“Terrorism” means any violent act intended to cause injury, damage, or
12 fear and committed by or purportedly committed by one or more
13 individuals or members of an organized group to make a statement of the
14 individual’s or group’s political or social beliefs, concepts, or attitudes
15 and/or to intimidate a population or government into granting the
16 individual’s or group’s demands.)

- 17 • An illness, sickness, disease, bodily or mental infirmity, medical or
18 surgical treatment, or bacterial or viral infection, regardless of how
19 contracted, except bacterial infection resulting from an accidental cut or
20 wound or accidental food poisoning. However, if a covered loss results
21 from medical or surgical treatment of an injury, benefits will be provided
22 for the loss.

23 **Short-Term Disability Plan**

24 Benefits are paid for disabilities due to pregnancy-related conditions,
25 illness, and accidental injuries on or off the job. Disabled means you are
26 unable to perform the essential functions of your regular occupation or other
27 appropriate work Boeing makes available as a result of a pregnancy-related
28 condition, illness, or accidental injury (on or off the job).

29 The following schedules state the benefit amounts, classes of disability, and
30 the maximum period of payment. Benefit amounts are determined by your
31 labor grade.

Labor Grade	Weekly Benefit for Disabilities Not Covered by Workers’ Compensation	Weekly Benefit for Disabilities Covered by Workers’ Compensation
A-1-2-3	\$280.00	\$140.00
4-5-6-7	300.00	150.00
8-9-10-11	330.00	165.00

1

2 Workers' compensation benefits for illness and accidental injuries are
3 payable in addition to this Plan.

4 Payment periods:

Benefits Begin	In the Event of	Maximum Periods
1 st day of disability	Accidental injury not covered by workers' compensation	26 weeks
1 st day of confinement	Confinement in a hospital for nonoccupational or occupational injuries or illnesses or for pregnancy-related conditions	26 weeks
7 th day of disability	Pregnancy-related conditions, accidental injury covered by workers' compensation, and all other illnesses	26 weeks

5 If you are absent for 7 or more consecutive days due to a disability resulting
6 from a surgery in an outpatient hospital or surgical facility, benefits will be
7 retroactive to the first day of the disability.

8 No benefits are payable for any period during which you are not under the
9 regular care of a physician. To receive benefits according to the schedule,
10 you must be seen by a physician within the first 7 days of disability;
11 otherwise benefits begin on the date you are actually seen and treated. For
12 this benefit, physician refers to a legally qualified, licensed physician, with
13 a course of treatment that is consistent with the diagnosis of the disabling
14 condition and according to guidelines established by medical, research, and
15 rehabilitation organizations. All determinations of total disability are made
16 by the service representative within the terms of its contract with the
17 Company.

18 An increase or decrease in your short-term disability coverage amount is
19 effective the first day of the month following or coinciding with a change in
20 labor grade. If you are both disabled and away from work on the date an
21 increase or decrease would be effective, the change is delayed until you
22 return to an active work schedule.

23 **Reinstatement of Benefits**

- 24 • Benefits are reinstated after a period of disability when you return to
25 active work for at least 30 consecutive days.

1 • If you are absent due to the same or a related disability during this 30-day
2 period, benefits are not reinstated. However, you are eligible for any
3 benefits remaining from the original 26-week period on the first day of
4 the subsequent disability.

5 • If you return to active employment for at least 1 full day and the
6 subsequent disability is due to entirely different and unrelated causes
7 from the prior disability, you are considered as having started a new
8 period of disability.

9 **Income Tax Withholding**

10 Short-term disability payments are reported to the Federal government and
11 may be considered taxable income. Income tax will be withheld if required
12 by law.

13 Social Security (FICA) withholding is made from employee disability
14 payments and reported to the government. The amount is the current FICA
15 withholding rate. This withholding is required by law and is matched by the
16 employer.

17 **Survivor Income Plan**

18 If you die from any cause, at any time or place, while covered under the
19 plan, survivor income benefits are payable to eligible survivors, as listed
20 below. Survivor income benefits are composed of transition benefits and
21 bridge benefits.

22 **Transition Benefit**

23 The transition benefit is \$210 per month for any month the survivor
24 receives either no Social Security benefits or Social Security benefits
25 reduced solely because of age. If the survivor receives unreduced Social
26 Security benefits, the transition benefit is \$140 per month.

27 The transition benefit is paid for a maximum of 24 months to these
28 survivors, in the following priority:

- 29 • Your widow or widower lawfully married to you.
- 30 • Your unmarried child or children under age 25 if living with and
31 dependent on you for at least 50% of their support during the year
32 immediately preceding your death. The child continues to be eligible
33 regardless of age if totally and permanently disabled and living with and
34 dependent on you.
- 35 • Your parents or parent if dependent on you for at least 50% of their
36 support in the year before your death.

37 Benefits begin the first day of the month following the date you die and are
38 payable on the first day of each month thereafter. Benefits are divided

1 equally where 2 or more persons are to receive the benefits. If there are no
2 qualified survivors, no benefits are paid.

3 **Bridge Benefit**

4 After transition benefits are paid, if your eligible spouse was at least age 50
5 at the time of your death, monthly payments of \$210 are made to your
6 spouse while living and unmarried until the earliest of these dates:

- 7 • Your spouse remarries.
- 8 • Your spouse reaches age 62.
- 9 • Full widow's or widower's insurance benefits under the Federal Social
10 Security Act become payable.

11 However, if your surviving spouse is eligible to receive mother's or father's
12 insurance benefits under the Social Security Act, monthly payments are
13 deferred until your spouse stops receiving mother's or father's insurance
14 benefits.

15 **Medical Plans**

16 The Company-sponsored medical plan is the Traditional Medical Plan.
17 Where appropriate, Health Maintenance Organizations (HMOs) and
18 Coordinated Care Plans (CCPs) will be offered to retirees and their
19 dependents in addition to the Traditional Medical Plan. See your Summary
20 Plan Description or Certificate of Coverage for a description of medical
21 plan benefits.

22 **Summary of Traditional Medical Plan Benefits**

23 This section shows general plan features of the Traditional Medical Plan;
24 the Schedule of Benefits section shows benefit amounts and other plan
25 information.

26 Benefit and plan payment provisions are based on a benefit year, January 1
27 through December 31.

28 Prescription drug benefits are as shown in the "Prescription Drug Program"
29 section. Vision care benefits, as shown in the "Vision Care Program"
30 section, are available to active employees.

Summary of Traditional Medical Plan Benefits		
See the Schedule of Benefits section for benefit amounts		
	Network	Nonnetwork
Plan Features		
Annual Deductible	The deductible applies to all covered network services and supplies except network provider outpatient visits where the \$15 copayment	

Summary of Traditional Medical Plan Benefits		
See the Schedule of Benefits section for benefit amounts		
	applies, preventive care, tobacco cessation treatment, routine vision care, and prescription drugs	
Office Visit Copayment (Annual deductible does not apply)	Office visit copayments apply to physician office visits, pregnancy-related conditions, and spinal and extremity manipulations; does not apply to mental health or substance abuse treatment, preventive care, or tobacco cessation treatment	Does not apply; charges of nonnetwork providers are subject to the annual deductible and coinsurance
Annual Out-of-Pocket Maximum	The annual out-of-pocket maximum is shown in the Schedule of Benefits section	
Lifetime Maximum Benefit	The lifetime maximum benefit applies to all covered services and supplies	
Provider Choice		
Network Providers	<p>Special fee arrangements with the service representative make it possible for the plan to cover a higher percentage of most network services and supplies; in most cases, the only out-of-pocket expenses are:</p> <ul style="list-style-type: none"> • Deductible, copayment, and coinsurance amounts • Expenses for services and supplies not covered by the plan <p>Any amounts that exceed plan maximum benefits</p>	
Nonnetwork Providers	In a location where qualified network providers are available, the plan covers a lower percentage of most nonnetwork services and supplies; in a location where there is no qualified network provider, the plan covers services and supplies at the network level; benefit payments are based on usual and customary charges	
Providers in a Category Not Eligible to	The plan covers services and supplies at 80%; you can call the service representative to find out	

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
Participate in the Network	which types of providers are network providers in a particular location; benefit payments are based on usual and customary charges	
Covered Services and Supplies	Network coinsurance applies to most covered network services and supplies, except as shown below	Nonnetwork coinsurance applies to most covered nonnetwork services and supplies, except as shown below
Ambulance	Network coinsurance applies	See network provisions
Christian Science Sanatorium	Network coinsurance applies; certain limits apply	See network provisions
Emergency Room		
Medical Emergency	Network coinsurance applies after emergency room copayment (waived if admitted as an inpatient immediately following emergency room treatment, is treated in the emergency room for more than 12 hours, or dies in the emergency room)	See network provisions
All Other Treatment	Network coinsurance applies after emergency room copayment	Nonnetwork coinsurance applies after emergency room copayment
Hearing Aids	Network coinsurance applies for aids up to \$600 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new	Nonnetwork coinsurance applies for aids up to \$600 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	hearing aid after 3 years	hearing aid after 3 years
Home Health Care	Network coinsurance applies; limit 120 visits per benefit year (network and nonnetwork combined)	See network provisions
Hospice Care	Network coinsurance applies; 6-month maximum Skilled care by registered nurse, licensed practical nurse, or home health aide Respite care visits of 2 or more hours per day up to 120 hours every 3 months Apply to the service representative for physician-recommended extensions	See network provisions
Mental Health Treatment (including eating disorders)		
Covered Inpatient, Partial Hospital, Residential, or Intensive Outpatient Services	See the Schedule of Benefits section for payment level	See the Schedule of Benefits section for payment level
Covered Outpatient Services	See the Schedule of Benefits Section for payment level	See the schedule of Benefits section for payment level
Neurodevelopmental Therapy (for children age 6 and under)	Network coinsurance applies up to \$1,000	Nonnetwork coinsurance applies up

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	each benefit year (network and nonnetwork combined)	to \$1,000 each benefit year (network and nonnetwork combined)
Occupational, Physical, and Speech Therapy	Network coinsurance applies	Nonnetwork coinsurance applies
Preventive Care		
Routine Physical Examinations (for employees and spouses)	See the Schedule of Benefits section for payment level and maximum; includes related X-ray and laboratory charges	Not covered when received in a network service area
Well Child Benefits (for children under age 6)	See the Schedule of Benefits section for payment level	Not covered when received in a network service area
Tobacco Cessation	See the Schedule of Benefits section for payment level	See the Schedule of Benefits section for payment level
Spinal and Extremity Manipulations	Network coinsurance applies; 26 spinal and/or extremity manipulation visits per benefit year (network and nonnetwork combined)	Nonnetwork coinsurance applies; 26 spinal and/or extremity manipulation visits per benefit year (network and nonnetwork combined)
Substance Abuse Treatment		
Covered Inpatient, Partial Hospital, Residential, Intensive Outpatient, or Outpatient Services	See the Schedule of Benefits section for payment level	See the Schedule of Benefits section for payment level
Temporomandibular Joint Dysfunction and	See the Schedule of Benefits section for	See the Schedule of Benefits section for

Summary of Traditional Medical Plan Benefits		
See the Schedule of Benefits section for benefit amounts		
Myofascial Pain Dysfunction Syndrome (TMJ/MPDS) Treatment	payment level	payment level

1 See “Covered Medical Services and Supplies” on page 192 for more details
 2 on benefits.

3 **Out-of-Pocket Maximums**

4 For some services, you are required to pay a certain percent of charges,
 5 called out-of-pocket expenses.

6 When your out-of-pocket expenses (or when your family members’
 7 combined out-of-pocket expenses) reach the annual out-of-pocket
 8 maximum, most other benefits are paid at 100% of usual and customary
 9 charges for the rest of that benefit year, up to any maximum benefit
 10 amounts.

11 The following expenses do not count toward the out-of-pocket maximums:

- 12 • Any balance remaining after a benefit maximum has been reached.
- 13 • Benefits paid at a reduced amount or denied when you fail to follow
 14 medical review program procedures and requirements.
- 15 • Covered medical services for TMJ/MPDS treatment.
- 16 • Covered medical services for treatment of mental illness or substance
 17 abuse.
- 18 • Covered services for tobacco cessation.
- 19 • Covered medical services paid at 100% of usual and customary charges
 20 or in full.
- 21 • Deductibles.
- 22 • Expenses for services or supplies not covered by the plan.
- 23 • Hospital emergency room copayments.
- 24 • Office visit copayments.
- 25 • The difference between usual and customary charges and the provider’s
 26 actual charge.

1 **Provider Choice**

2 ***Network Providers***

3 Network providers are physicians, hospitals, and other health care providers
4 who have contracts with the plan’s service representative to provide
5 efficient, cost-effective health care. Although you may receive care from
6 any licensed provider covered under the plan, the plan offers certain
7 advantages if a network provider is used.

8 The contracts with network providers include direct billing and payment
9 systems. This means you do not need to submit a claim form when a
10 network provider is used.

11 ***Nonnetwork Providers***

12 Covered services obtained from nonnetwork physicians, hospitals, and other
13 covered health care providers in a license category eligible to participate in
14 the network (for example, M.D.s) are paid according to whether network
15 providers are available in that location.

16 ***Providers in a Category Not Eligible to Participate in the Network***

17 Certain types of providers may or may not be network providers depending
18 on their location. The plan may not have network contracts with providers
19 in a specific category in a particular location (such as podiatrists or
20 chiropractors in certain locations).

21 **Medical Review Program**

22 The medical review program lets you and your physician know whether
23 certain types of nonemergency care will be covered under the plan before
24 the care is provided and the expense is incurred.

25 The plan pays regular benefits for certain types of nonemergency care only
26 if the medical review program is contacted before care is received. Benefits
27 may be limited or denied if these requirements are not followed.

28 Medical review program requirements do not apply if primary coverage is
29 provided through another employer’s group medical plan.

30

If preadmission or prior approval is...	Then the plan pays...
Obtained through the medical review program	Regular benefit levels shown in the “Summary of Traditional Medical Plan Benefits” table
Required but not obtained and it is later determined that the care was medically necessary	50% of the first \$2,000 of usual and customary charges (after the annual deductible)

If preadmission or prior approval is...	Then the plan pays...
Not obtained and the admission or care is not considered medically necessary under the medical review program's guidelines	No benefits; you are responsible for 100% of the charges

1 Although contacting the program is not required before emergency or
2 pregnancy-related admissions, you or your physician should contact the
3 program soon after admission to be assured whether the rest of the
4 confinement is covered. Hospital preadmission review for childbirth is not
5 required for a mother and newborn for the first 48 hours following a normal
6 delivery or 96 hours following a cesarean section.

7 **Voluntary Second Surgical Opinion**

8 The plan encourages you to get a second opinion before having any
9 nonemergency surgery.

10 A second (or third) surgical opinion will be covered under the
11 network/nonnetwork provider payment levels, subject to the plan's
12 copayments and/or deductibles and coinsurance.

13 **Individual Case Management**

14 In the event of a severe or long-term illness or injury, the service
15 representative assists your network provider in identifying treatment
16 alternatives that offer cost-effective care and enhancements to quality of
17 life.

18 **Covered Medical Services and Supplies**

19 In general, the plan covers medically necessary services and supplies used
20 to diagnose or treat a nonoccupational accidental injury or illness as well as
21 medically appropriate services and supplies for certain types of preventive
22 care and other conditions, up to plan limits.

23 ***Acupuncture***

24 The plan covers medically necessary acupuncture for a covered illness or in
25 place of covered anesthesia. Treatment must be provided by a licensed
26 acupuncturist (L.A.C.), doctor of medicine (M.D.), or doctor of osteopathy
27 (D.O.). You can contact the service representative to determine if
28 acupuncture is covered for a particular condition.

29 ***Ambulance***

30 Professional ambulance services are covered to transport you from the place
31 where you are injured or become ill to the first hospital where treatment is
32 given. These services also are covered when the physician requires an

1 ambulance to transport you to a hospital in your area of residence to protect
2 your health or life. Air ambulance transportation is covered when medically
3 necessary.

4 Ambulance service from one hospital to another, including return, is
5 covered only if the facility is the nearest one with appropriate regional
6 specialized treatment facilities, equipment, or staff physicians. Ambulance
7 transportation from or to your home is covered when medically necessary.
8 No other expenses in connection with travel are covered.

9 ***Christian Science Sanatorium***

10 Charges for a semiprivate room in a sanatorium are covered if you are
11 admitted for the process of healing (not rest or study) and are under the care
12 of an authorized Christian Science practitioner. If a private room in a
13 sanatorium is used, you are responsible for the difference between the
14 charge for the private room and the sanatorium's average charge for a
15 semiprivate room. If the facility provides only private rooms, the plan
16 covers up to the charge for semiprivate rooms in similar local facilities.

17 A Christian Science sanatorium is a facility that, at the time of the healing
18 treatment, is operated (or listed) and certified by the First Church of Christ,
19 Scientist, in Boston, Massachusetts.

20 ***Congenital Abnormalities and Hereditary Complications***

21 Medically necessary services and supplies are covered when required for
22 the treatment of congenital abnormalities and hereditary complications. This
23 coverage applies to newborn children as well as to all other persons covered
24 under the plan.

25 ***Cosmetic Surgery***

26 The plan covers necessary services and supplies for cosmetic surgery only if
27 the surgery is required for the prompt repair of an accidental injury or
28 improvement of function due to congenital abnormality. All other surgery
29 performed for cosmetic purposes is excluded, except as specifically
30 provided for treatment after a mastectomy (see "Reconstructive Breast
31 Surgery" on page 202).

32 ***Dental Repair of Accidental Injury***

33 Services and supplies for the prompt repair of sound natural teeth or other
34 body tissues as a result of an accidental injury are covered, but only to the
35 extent they are not covered by your Company-sponsored dental plan. This
36 may include surgical procedures of the jaw, cheek, lips, tongue, and other
37 parts of the mouth and treatment of fractures in the facial bones (maxilla or
38 mandible).

39 ***Diagnostic X-Ray and Laboratory Services***

40 Diagnostic X-ray and laboratory examinations are covered, including those
41 in connection with a voluntary second surgical opinion.

1 ***Durable Medical Equipment***

2 The plan covers the rental (or purchase, when approved by the service
3 representative) of medically necessary durable medical or surgical
4 equipment when prescribed by a physician. Covered equipment must be:

- 5 • Able to withstand repeated use.
- 6 • Solely for the treatment or improvement of a critical function related to
7 the medical condition.
- 8 • Appropriate for use in the home.

9 Examples of covered durable medical equipment are crutches, wheelchairs,
10 kidney dialysis equipment, standard hospital beds, oxygen equipment, and
11 diabetic supplies and equipment such as blood glucose monitors, insulin
12 infusion devices, and insulin pumps. Covered equipment must not be useful
13 to a person in the absence of the medical condition.

14 The repair or replacement of durable medical equipment due to normal
15 usage or change in the patient's condition, including growth of a child, also
16 is covered.

17 ***Emergency Room***

18 Emergency room treatment at either a network or nonnetwork facility is
19 paid at the network level if it is a medical emergency. A patient admitted to
20 a nonnetwork hospital retains emergency status (and benefits are paid at the
21 network level) for 24 hours or until the patient can be transferred safely to a
22 network facility. However, for care at a nonnetwork facility when the
23 condition is not a medical emergency, covered services are paid at the
24 nonnetwork level.

25 ***Erectile Dysfunction***

26 Organic erectile dysfunction treatment is covered when the patient has a
27 history of one or more of the following:

- 28 • Insulin-dependent diabetes.
- 29 • Major pelvic surgery.
- 30 • Peripheral neuropathy or autonomic insufficiency.
- 31 • Peripheral vascular disease or local penile vascular abnormalities.
- 32 • Prostate cancer.
- 33 • Severe Peyronie's disease.
- 34 • Spinal cord disease or injury.

35 Covered therapy includes vacuum erection devices, injection therapy, a
36 penile prosthesis, urethral pellets, and prescription medications.

1 ***Hearing Aids***

2 Plan benefits include cost and installation of a hearing aid when
3 recommended in writing by a physician or certified audiologist as well as
4 the overhaul of a hearing aid in place of a new hearing aid. Benefit periods
5 are described in the “Summary of Traditional Medical Plan Benefits” table.

6 ***Hemodialysis***

7 The plan covers repetitive hemodialysis treatment for chronic, irreversible
8 kidney disease. Covered services and supplies include the rental, lease, or
9 (under certain conditions) purchase of hemodialysis equipment. Purchase of
10 specific supplies is contingent on the supplies having no real utility to the
11 patient in the absence of the disease and having no value to other household
12 members. Coverage of the purchase of equipment is subject to specific
13 conditions, including an amortization period, decided by the service
14 representative.

15 Hemodialysis treatment and equipment are covered by the plan for the first
16 30 months following Medicare entitlement due to end-stage renal disease.
17 After this 30-month period, Medicare provides primary coverage and the
18 plan provides secondary coverage.

19 ***Home Health Care***

20 Medically necessary home health care visits and supplies are covered if
21 inpatient care in a hospital or skilled nursing facility otherwise would be
22 required. In addition, you must be considered homebound, which means
23 leaving home involves a considerable and taxing effort and public
24 transportation cannot be used without the help of another.

25 Home health care requires prior approval; see “Medical Review Program”
26 on page 191. Before receiving home health care, the attending physician
27 must provide a written treatment plan (a written program for continued care
28 and treatment).

1 The following home health care visits and supplies are covered if provided
2 and billed by an approved home health care agency:

- Home health aide visits.
- Medical social visits provided by a person with a master's degree in social work (M.S.W.).
- Medical supplies that would have been provided on an inpatient basis.
- Nursing visits provided by a registered nurse (R.N.) or licensed practical nurse (L.P.N.).
- Nutritional guidance by a registered dietitian.
- Nutritional supplements (such as diet substitutes) administered intravenously or through hyperalimentation.
- Occupational therapy visits provided by an occupational therapist.
- Physical therapy visits provided by a physical therapist.
- Physician services.
- Respiratory therapy visits provided by an inhalation therapist certified by the National Board of Respiratory Therapists.
- Services and supplies for infusion therapy. (Patients do not need to meet the treatment plan and homebound requirements.)
- Speech therapy visits provided by a speech therapist.

3 ***Hospice Care***

4 Hospice care is provided to terminally ill patients in an effort to control pain
5 and other symptoms associated with terminal illness. The plan covers these
6 services for a patient whose life expectancy has been determined to be 6
7 months or less.

8 Hospice care requires prior approval; see "Medical Review Program" on
9 page 191. Before receiving hospice care, the attending physician must
10 provide a written treatment plan (a written program for continued care and
11 treatment).

12 An approved hospice treatment plan may include both inpatient and
13 outpatient care. If hospital inpatient care is approved, the plan covers
14 hospice care on the same basis as for other types of hospital inpatient care.
15 Skilled nursing facility or hospital outpatient care also are covered for the
16 hospice patient on the same basis as for other patients. The plan also covers
17 prescription drugs and durable medical equipment for hospice care on the
18 same basis as for other types of care.

1 The plan covers home health care visits and supplies listed in “Home Health
2 Care” above if they are part of an approved hospice treatment plan and
3 provided and billed by an approved hospice agency. An approved hospice
4 agency is a public or private organization that administers and provides
5 hospice care and is either Medicare approved or operating under the
6 direction and control of the licensing or regulatory agency in its location.
7 In addition, the plan covers respite care services to provide temporary relief
8 to family members and friends who care for the patient as shown in the
9 “Summary of Traditional Medical Plan Benefits” table.

10 ***Hospital Services***

11 The plan covers charges for a semiprivate room and medically necessary
12 hospital services and supplies.

13 The cost of a private room is covered if medically necessary. If a private
14 room is used when it is not medically necessary, the patient is responsible
15 for the difference between the charge for the private room and the hospital’s
16 average charge for a semiprivate room. If the hospital provides only private
17 rooms, the plan covers up to the charge for semiprivate rooms in similar
18 local facilities.

19 Advance approval is needed for:

- 20 • Nonemergency admissions (see “Medical Review Program” on
21 page 191).
- 22 • Mental health and substance abuse treatment (see “Mental Health and
23 Substance Abuse Program” below).

24 The plan covers services of an approved freestanding surgical center or
25 hospital-based emergency facility if such services would be covered if
26 received in a hospital.

27 ***Infertility***

28 The plan covers the following services in connection with the diagnosis and
29 treatment of infertility:

- 30 • Diagnostic tests necessary to determine the cause of infertility.
- 31 • Surgical correction of a condition causing or contributing to infertility.
- 32 • Conventional medical treatment such as office visits, laboratory services,
33 and prescription drugs for infertility.

34 ***Mental Health and Substance Abuse Program***

35 The Boeing mental health and substance abuse program provides benefits
36 for mental health treatment and substance abuse treatment (including abuse
37 of or addiction to alcohol, recreational drugs, or prescription drugs). The
38 program is administered by the Boeing behavioral health manager.

1 To be reimbursed under the plan, all mental health and substance abuse
2 treatment must be determined medically necessary. When treatment is
3 obtained from a referred provider, the plan payment level is higher. All care
4 is reviewed for medical necessity whether or not you contact the Boeing
5 behavioral health manager.

6 **Mental Health Treatment Coverage** The plan covers medically necessary
7 mental health treatment from any provider contracted with the Boeing
8 behavioral health manager, including any licensed clinical psychologist,
9 hospital or treatment facility, psychiatric doctor (M.D.), psychiatric nurse
10 (R.N.), or professional at the master's level or above who is licensed in the
11 area where services are performed.

12 If the mental health treatment is related to, accompanies, or results from
13 substance abuse, coverage is provided solely under substance abuse
14 provisions.

15 **Substance Abuse Treatment Coverage** The plan covers medically
16 necessary alcoholism treatment and other types of substance abuse
17 treatment at an approved treatment facility or hospital as well as physician
18 and licensed therapist services and prescription drugs. The treatment,
19 services, and drugs must be part of a specific treatment plan prepared by
20 your attending physician and certified as covered under the plan. (An
21 approved substance abuse treatment facility is one that treats chronic
22 alcoholism and/or drug abuse that is licensed and regulated by the
23 appropriate governmental agency in its location.)

24 The plan covers detoxification only if followed immediately by a
25 rehabilitation program. To receive coverage for substance abuse treatment,
26 you must complete the prescribed course of treatment.

27 ***Neurodevelopmental Therapy***

28 The plan covers neurodevelopmental therapy for children age 6 or under, up
29 to the maximum benefit shown in the "Summary of Traditional Medical
30 Plan Benefits." In-home neurodevelopmental therapy is covered if the
31 patient is homebound. Therapists must meet licensing or certification
32 requirements as described below.

33 Neurodevelopmental therapy is physical, occupational, and speech therapy
34 for treatment of neurodevelopmental delay. Neurodevelopmental delay
35 means lack of development of motor or speech function not due to injury or
36 trauma.

37 ***Occupational, Physical, and Speech Therapy***

38 Certain types of therapy are covered, but only to the extent that the therapy
39 will significantly restore function. To be covered, the services of a physical
40 therapist for physical therapy, an occupational therapist for occupational

1 therapy, and a speech therapist for speech therapy must be prescribed by a
2 physician as to type and duration of treatment.

3 Services must be provided under a physician's supervision while you
4 remain under the attending physician's care. The physician must reevaluate
5 the therapy at least every 3 months and certify that continuing therapy is
6 required. All therapy beyond 3 months must be approved by the service
7 representative. Benefit determination is based on the attending physician's
8 evaluation of the therapy as well as the therapist's progress reports. The
9 information from the physician and therapist is then reviewed against
10 established medical criteria to determine medical necessity.

11 No benefits are payable for therapy given at the therapist's discretion,
12 elected by the covered person, for any treatment for delayed development or
13 therapy that is solely for the purpose of slowing body degeneration rather
14 than restoring functional improvement, custodial maintenance, self-help,
15 recreational, or educational therapy.

16 **Licensing and Certification Requirements** Occupational, physical, and
17 speech therapists must meet licensing or certification requirements as
18 follows:

- 19 • The therapist must be duly licensed in the areas where services are
20 performed and must be practicing within the scope of that license.
- 21 • In the absence of licensing requirements, the therapist must be certified
22 as a registered:
 - 23 – Occupational therapist by the American Occupational Therapy
24 Association.
 - 25 – Physical therapist by the American Physical Therapy Association.
 - 26 – Speech therapist by the American Speech and Hearing Association.

27 ***Oral Surgery***

28 The plan covers certain services and supplies provided by a physician or
29 dentist to the extent they are approved by the service representative and are
30 not covered under a dental plan.

31 ***Orthopedic Appliances and Braces; Orthotics***

32 Braces, splints, orthopedic appliances, and orthotic supplies are covered.
33 This includes necessary repair and replacement required by normal usage or
34 change in the patient's condition such as growth of a child. Orthopedic
35 shoes, lifts, wedges, and inserts (orthotics) are covered if prescribed by a
36 physician and custom made for the patient. These items are covered as part
37 of the durable medical equipment benefits. Over-the-counter items will not
38 be covered.

1 **Oxygen and Anesthesia**

2 The plan covers oxygen and anesthesia.

3 **Physician Services**

4 Services of a licensed physician generally are covered when medically
5 necessary for the diagnosis or treatment of nonoccupational accidental
6 injuries, illnesses, or other covered conditions. (See definition of physician.)
7 Physician services also are covered for

- 8 • An eye examination (including refraction) if performed because of
9 another medical condition such as diabetes, glaucoma, or cataracts
10 (routine eye examinations are covered under the vision care program).
- 11 • Antigen, allergy vaccine, insulin, and other drugs and devices (including
12 contraceptive injections, devices, and implants) dispensed by a physician.
- 13 • Injectable legend drugs administered in a physician's office and used to
14 treat a covered condition.
- 15 • Preventive care.
- 16 • Voluntary second surgical opinions.

17 **Other Professional Services** The plan covers certain health care services
18 when provided either by a physician or another type of health care
19 professional. All health care professionals must be licensed by the state
20 where the services are performed and must be acting within the scope of
21 that license. In the absence of licensing requirements, appropriate
22 certification is required.

23 Covered health care professionals include:

- 24 • Acupuncturists (L.A.C.) for covered acupuncture services.
- 25 • Chiropractors providing covered chiropractic services.
- 26 • Christian Science practitioners listed in the current *Christian Science*
27 *Journal* at the time they provide a service.
- 28 • Clinical psychologists and master's level therapists for mental health or
29 substance abuse treatment for conditions covered under the plan.
- 30 • Dentists for covered dental work or surgery.
- 31 • Neurodevelopmental, occupational, physical, and speech therapists.
- 32 • Physician assistants for services that would have been covered if
33 performed by a physician licensed as an M.D. or D.O.
- 34 • Podiatrists providing covered podiatric services.
- 35 • Registered nurses (R.N.) for services that would have been covered if
36 performed by a physician licensed as an M.D. or D.O. The plan also
37 covers intermittent visits by an R.N. when skilled care in place of

1 hospitalization is not available through an alternative provider at a lesser
2 cost.

3 ***Pregnancy-Related Conditions and Coverage of Newborns***

4 Medically necessary services and supplies are covered for pregnancy-
5 related conditions of you and your dependents if they are provided while
6 covered under the plan.

7 Covered pregnancy-related conditions include normal delivery, cesarean
8 section, spontaneous abortion (miscarriage), legal abortion, and
9 complications of pregnancy.

10 Approved birthing center services are covered if they would be covered
11 when received in a hospital. (A birthing center is a facility for normal
12 delivery operating under the direction and control of the licensing or
13 regulatory agency in its location.)

14 Group health plans and health insurance issuers generally may not, under
15 Federal law, restrict benefits for any hospital length of stay in connection
16 with childbirth for the mother or newborn child to less than 48 hours
17 following a vaginal delivery or less than 96 hours following a cesarean
18 section. However, Federal law generally does not prohibit the mother's or
19 newborn's attending provider, after consulting with the mother, from
20 discharging the mother or her newborn earlier than 48 hours (or 96 hours, as
21 applicable). In any case, plans and issuers may not, under Federal law,
22 require that a provider obtain authorization from the plan or the insurance
23 issuer for prescribing a length of stay not in excess of 48 hours (or
24 96 hours).

25 A newborn is eligible from the date of birth if he or she qualifies as your
26 dependent and is enrolled within applicable changes in status time frames.
27 The following services and supplies are covered for an enrolled newborn,
28 subject to the plan's annual deductible, copayments, and benefit payment
29 levels:

- 30 • Routine hospital services and supplies and physician services during the
31 first 48 hours following a normal delivery or 96 hours following a
32 cesarean section.
- 33 • Medically necessary hospital and physician services and supplies.

34 Coverage of a newborn continues as long as the child remains an eligible
35 dependent and is enrolled in the plan.

1 **Preventive Care**

2 The plan covers the following preventive care if you use a network provider
3 and you live in the network service area. (If you do not live in the network
4 service area, you may use any licensed provider.)

5 • Physical examinations for you and your spouse, including related X-ray
6 and laboratory charges. Benefits are limited to 1 examination every 3
7 benefit years through age 34, then 1 examination every benefit year. The
8 plan also covers screening Papanicolaou (Pap) tests, mammograms, and
9 prostate screenings as recommended by your physician.

10 • Well child benefits for your children under age 6, including physical
11 examinations and related X-ray and laboratory charges. Benefits are
12 limited to 8 examinations from birth through 24 months, then one
13 examination per benefit year through age 5. The plan also covers
14 immunizations in accordance with American Academy of Pediatrics
15 guidelines and the schedule recommended by the child's physician.

16 The annual deductible and office visit copayment do *not* apply to covered
17 preventive care.

18 **Prostheses**

19 Artificial limbs, artificial eyes, and other prostheses to replace a missing
20 body part are covered, including the necessary repair and replacement
21 required by normal usage or change in the patient's condition such as
22 growth of a child.

23 **Radiation and Chemotherapy**

24 The plan covers radiation therapy (including X-ray therapy) and
25 chemotherapy.

26 **Reconstructive Breast Surgery**

27 Covered individuals who have had or are going to have a mastectomy may
28 be entitled to certain benefits under the Women's Health and Cancer Rights
29 Act of 1998 (WHCRA). For individuals receiving mastectomy-related
30 benefits, coverage will be provided, in a manner determined in consultation
31 with the attending physician and the patient, for:

- 32 • All stages of reconstruction of the breast on which the mastectomy was
33 performed.
- 34 • Surgery and reconstruction of the other breast to produce a symmetrical
35 appearance.
- 36 • Prostheses.
- 37 • Treatment of physical complications of the mastectomy, including
38 lymphedemas.

1 These benefits are provided subject to the same deductible, copayment, and
2 coinsurance applicable to other medical and surgical benefits provided
3 under this plan.

4 ***Skilled Nursing Facility***

5 The plan covers charges for a semiprivate room in a skilled nursing facility
6 as well as medically necessary services and supplies when provided in place
7 of covered hospital inpatient care. Skilled nursing facility services also are
8 covered for a terminally ill patient when the illness has reached a point of
9 predictable end. Nonemergency admissions must be approved in advance;
10 see “Medical Review Program” on page 191.

11 A skilled nursing facility is an institution approved as such by Medicare. If
12 a private room is used, you are responsible for the difference between the
13 charge for the private room and the facility’s average charge for a
14 semiprivate room. If the facility provides only private rooms, the plan
15 covers up to the charge for semiprivate rooms in similar local facilities.

16 ***Spinal and Extremity Manipulations***

17 This plan covers spinal and extremity manipulations by an approved
18 provider, such as a doctor of medicine (M.D.), a doctor of osteopathy
19 (D.O.), or a chiropractic doctor (D.C.), for spinal and extremity
20 manipulations performed by hand. Related services, such as an initial
21 examination and initial X-rays, also are covered.

22 ***Substance Abuse Treatment***

23 See “Mental Health and Substance Abuse Program” on page 197.

24 ***Temporomandibular Joint Dysfunction and Myofascial Pain***
25 ***Dysfunction Syndrome (TMJ/MPDS) Treatment***

26 The plan covers the following surgical and nonsurgical services and
27 supplies to treat TMJ/MPDS when provided by a physician or dentist:

- 28 • Appliance management, including kinesitherapy, physical therapy,
29 biofeedback therapy, joint manipulation, prescription drugs, injections of
30 muscle relaxants, and therapeutic drugs or agents.
- 31 • Appliances, including night guards, bite plates, orthopedic repositioning
32 devices, or mandibular orthopedic devices.
- 33 • Follow-up office visits.
- 34 • Initial diagnostic examinations and X-rays.
- 35 • Surgical procedures and related hospitalizations.
- 36 • It is recommended that you obtain preapproval from the service
37 representative for all TMJ/MPDS treatment, in accordance with written

1 guidelines (including those for medical necessity). This treatment is
2 subject to a benefit maximum shown in the Schedule of Benefits.

3 ***Tobacco Cessation***

4 The plan covers tobacco cessation services that are provided by a physician,
5 another health care professional who is practicing within the scope of his or
6 her license, and an approved tobacco cessation provider.

7 However, the plan will cover the cost only if the patient completes the full
8 course of treatment. Tobacco cessation treatment is subject to the benefit
9 maximum shown in the Schedule of Benefits.

10 ***Transplants***

11 The plan covers medically necessary services and supplies related to
12 covered transplants. Transplants that are part of an approved clinical trial
13 also may be covered. Contact the service representative for more
14 information about covered services and supplies as well as maximums.

15 If you or your covered dependent receives a human organ or tissue
16 transplant covered by this plan, certain donor organ procurement costs also
17 may be covered. Benefits are limited to selection, removal of the organ,
18 storage, transportation of the surgical harvesting team and the organ, and
19 other medically necessary procurement costs. Donor organ procurement
20 costs are limited to a maximum benefit of \$30,000 per transplant, to a
21 lifetime maximum benefit of \$60,000.

22 Covered donor expenses are applied against the recipient's lifetime
23 maximum benefit.

24 ***Vasectomy or Tubal Ligation***

25 The plan covers services and supplies required for a vasectomy or tubal
26 ligation, but not those related to a reversal.

27 **Exclusions**

28 Charges for the following items are deducted from a health care provider's
29 bill before the plan pays benefits for covered services and supplies. The
30 plan does not pay charges for or related to the following:

- 31 • Accident or illness covered by a workers' compensation law.
- 32 • Amounts exceeding allowed charges or usual and customary charges. An
33 allowed charge is the amount that would have been paid for like services
34 or supplies to a network provider; (for participants entitled to Medicare,
35 an allowed charge is the Medicare allowed charge).
- 36 • Benefits payable under any automobile medical, personal injury
37 protection (PIP), automobile no-fault, automobile uninsured or
38 underinsured motorist, homeowner's, or commercial premises medical
39 coverage, when that contract or insurance is issued to or provides

- 1 benefits available to the patient. Any benefits paid by the plan before
2 benefits are paid under one of these other types of contracts or insurance
3 are to assist the patient, and do not indicate the service representative is
4 acting as a volunteer or waiving any right to reimbursement or
5 subrogation.
- 6 • Completion of claim forms or reports.
 - 7 • Confinement or surgical, medical, or other treatment, services, or
8 supplies received in or from a U.S. Government hospital, except as
9 required by law.
 - 10 • Counseling—career, child, family, financial, marriage, pastoral, or social
11 adjustment.
 - 12 • Custodial care as follows:
 - 13 – Care that does not require the continuing services of skilled medical or
14 health professionals and primarily is provided to assist in activities of
15 daily living.
 - 16 – Institutional care primarily to support self-care and provide room and
17 board.Custodial care includes, but is not limited to, help in walking, getting into
18 and out of bed, bathing, dressing, feeding, preparing special diets, and
19 supervising medications that ordinarily are self-administered.
 - 20
 - 21 • Dental services except as otherwise specifically provided.
 - 22 • Dyslexia, visual analysis therapy, or training related to muscular
23 imbalance of the eye or for orthoptics. However, coverage is provided for
24 up to six months when necessary to correct muscle imbalance
25 (strabismus, esotropia, or exotropia) if treatment begins before the
26 person's 12th birthday.
 - 27 • Education, special education, or job training—whether or not by a
28 facility that also provides medical or psychiatric care.
 - 29 • Equipment or supplies not solely related to the medical care of a
30 diagnosed illness or injury; examples include, but are not limited to:
 - 31 – Adjustable bed.
 - 32 – Any luxury or convenience item or supply.
 - 33 – Environmental control devices (air conditioners, purifiers,
34 humidifiers).
 - 35 – Equipment used primarily to prevent illness or injury.
 - 36 – General exercise equipment.

- 1 – Items designed primarily to assist a person caring for the patient.
- 2 – Items generally useful in the absence of a medical condition.
- 3 – Modification to home (wheelchair ramps, support railings),
- 4 automobile, or van (ramps, lifts).
- 5 – Orthopedic chair.
- 6 – Personal hygiene items.
- 7 – Special car seat.
- 8 – Swimming pool, spa, or whirlpool.
- 9 • Experimental or investigational services or supplies or related
- 10 complications.
- 11 • Full-body computerized axial tomography (CAT) scans or other full-
- 12 body imaging other than at a hospital or an institution having an
- 13 agreement with a hospital to supply these services. However, expenses
- 14 are covered under other circumstances if the equipment is required and
- 15 certified by the physician for immediate use to diagnose a potentially
- 16 life-threatening condition or if the services are provided at a physician's
- 17 office, clinic or other institution approved by the Company for other than
- 18 emergency use.
- 19 • Hearing aid care as listed below:
- 20 – Eyeglass-type hearing aids to the extent the charge exceeds the
- 21 covered amount for hearing aids.
- 22 – Hearing or audiometric examinations, unless disease is present;
- 23 however, hearing examinations are covered if performed as part of a
- 24 covered preventive care physical examination.
- 25 – Hearing aids ordered before you become eligible for coverage or after
- 26 coverage terminates.
- 27 – Hearing aids ordered before termination of coverage but delivered
- 28 more than 60 days after coverage ends.
- 29 – Hearing aids that do not meet professionally accepted standards,
- 30 including any experimental services or supplies.
- 31 – Replacement batteries.
- 32 – Replacement of lost, broken, or stolen hearing aids, unless the 3-year
- 33 period has been exhausted.
- 34 – Replacement parts for hearing aid repair, unless part of an overhaul
- 35 after 3 years.

- 1 • Home health care and hospice care services as listed below:
 - 2 – Homemaker or housekeeping services.
 - 3 – Hospice services of financial, legal, or spiritual counselors.
 - 4 – Hospice services to other family members, including bereavement
 - 5 counseling.
 - 6 – Maintenance or custodial care.
 - 7 – Psychiatric care.
 - 8 – Services provided by volunteers, household members, family, or
 - 9 friends.
 - 10 – Social services.
 - 11 – Supplies or services not included in the written home health or hospice
 - 12 care treatment plan or not otherwise covered.
 - 13 – Unnecessary or inappropriate services, food, clothing, housing, or
 - 14 transportation.
- 15 • Infertility services or supplies not specifically covered, including but not
- 16 limited to
 - 17 – Any tests, visits, consultations, or treatment related to, leading to, or
 - 18 resulting in one of the noncovered services listed below.
 - 19 – Artificial insemination.
 - 20 – Consecutive follicular ultrasounds, cycle therapy, or corresponding
 - 21 laboratory tests when associated with any artificial means of
 - 22 conception.
 - 23 – Embryo transfer.
 - 24 – Fertility drugs when associated with artificial means of conception.
 - 25 – Gamete intrafallopian transfer (GIFT).
 - 26 – In vitro fertilization.
 - 27 – Microinjections.
 - 28 – Sperm preparation.
 - 29 – Sperm separation.
 - 30 – Zona drilling.
- 31 • Intentionally self-inflicted injury, unless resulting from a medical
- 32 condition.

- 1 • Missed appointments.
- 2 • Nonorganic impotence such as psychosexual dysfunction.
- 3 • Obesity services and supplies unless approved in advance by the service
4 representative in accordance with written guidelines. (A copy of the
5 guidelines may be requested by calling the service representative.)
- 6 • Over-the-counter items, including but not limited to medications and
7 orthopedic appliances and braces (unless otherwise covered under the
8 durable medical equipment benefit).
- 9 • Prescription drugs unless covered as part of a hospital stay; see the
10 “Prescription Drug Program” section for outpatient prescription drug
11 benefits.
- 12 • Recovery houses, school programs, or emergency service patrols.
- 13 • Reversal of a sterilization procedure.
- 14 • Refractive surgery including radial keratotomy, Lasik, or other eye
15 surgery to correct refractive errors, except when preoperative visual
16 acuity is 20/50 or less with a lens.
- 17 • Services or supplies the service representative determines are not
18 medically necessary for treatment of an accidental injury, illness, or other
19 condition covered under the plan. This includes routine physical
20 examinations, immunizations, or other preventive services or supplies,
21 except as specifically provided by the plan.
22 Inpatient hospital care (including physician visits while hospitalized) is
23 not considered medically necessary when the care can be provided safely
24 in an outpatient setting—such as a hospital outpatient department,
25 physician’s office, or an ambulatory surgical facility—without adversely
26 affecting your physical condition.
27 Examples of care that generally should be provided in an outpatient
28 setting include observation and/or diagnostic studies, surgery that can be
29 performed on a same-day basis, and psychiatric care primarily to control
30 or change the patient’s environment.
- 31 • Services or supplies for which no charge is made or charges you or your
32 dependent is not required to pay.
- 33 • Services or supplies not recommended and approved by a physician or
34 other covered health care professional or those provided before the
35 person becomes covered under this plan.
- 36 • Services or supplies required by law to be provided by any school
37 system.

- 1 • Services or supplies to the extent they are covered under any
2 discontinued Company-sponsored plan.
- 3 • Services or supplies covered under any Federal, state, or other
4 government plan, except where required by law.
- 5 • Sex transformation treatment or services.
- 6 • Skilled nursing facility services when they are not usually provided by
7 such facilities or are not expected to lessen the disability and enable the
8 person to live outside the facility. However, skilled nursing facility
9 services are covered for the terminal patient when the illness has reached
10 a point of predictable end.
- 11 • Transplant services or supplies as listed below:
 - 12 – Donor or procurement services or costs incurred outside the United
13 States, unless specifically approved by the service representative.
 - 14 – Donor services or supplies when donor benefits are available through
15 other group coverage.
 - 16 – Expenses for that portion of treatment funded by government or
17 private entities as part of an approved clinical trial.
 - 18 – Expenses when the recipient is not covered under the medical plan.
 - 19 – Experimental or investigational services or supplies unless they are
20 part of an approved clinical trial.
 - 21 – Living (noncadaver) donor transplants that are not specifically
22 authorized and covered by the medical plan.
 - 23 – Lodging, food, or transportation costs, unless otherwise specifically
24 provided under the medical plan.
 - 25 – Nonhuman, artificial, or mechanical transplants, unless specifically
26 approved by the service representative.
- 27 • Vision care (routine or refractive) except as specifically provided (for
28 active employees, routine or refractive vision care program benefits
29 apply).
- 30 • Wigs or hair prostheses.

1 **Definitions**

2 **Benefit Year** is January 1 through December 31, annually.

3 **Company-Sponsored Plan** is a group medical or dental plan provided by
4 the Company (or a subsidiary or affiliate) for employees and dependents.
5 This includes the plan described in this summary. (To find out whether a
6 particular plan is Company-sponsored, contact the Boeing Service Center
7 for Health and Insurance Plans.)

8 **Dentist** is a legally qualified dentist practicing within the scope of his or her
9 license.

10 **Emergency** is the sudden, unexpected onset of serious illness or severe
11 injury that could result in (or a prudent person would have reason to believe
12 could result in) death, permanent damage or impairment of bodily function,
13 or loss of limb use if not treated immediately. For mental health coverage, a
14 situation is also considered an emergency when there is imminent danger to
15 you or others, or you are medically compromised as a result of mental
16 illness or substance abuse.

17 **Medically Necessary Service or Supply** meets the following criteria, as
18 determined by the service representative. A service or supply may be
19 medically necessary in part only. The fact the service or supply is furnished,
20 prescribed, recommended, or approved by a physician does not, by itself,
21 make it medically necessary. A service or supply is medically necessary if it
22 is:

- 23 • Appropriate as good medical practice.
- 24 • Consistent with the condition's symptom or diagnosis and treatment.
- 25 • Not able to be provided safely in an outpatient setting (for an inpatient
26 service or supply).
- 27 • Professionally and broadly accepted as the usual, customary, and
28 effective means of diagnosing or treating the illness, injury, or condition.
- 29 • Required to diagnose or treat your condition and the condition could not
30 have been diagnosed or treated without it.
- 31 • The most appropriate service or supply essential to your needs.

32 **Mental Illness** is a disorder (including an eating disorder) that exhibits
33 signs, symptoms, history, and other characteristics congruent with those
34 required for a mental disorder diagnosis enumerated in the *Diagnostic and*
35 *Statistical Manual of Mental Disorders*, 4th edition (DSM IV).

36 **Nurse** is a person duly licensed as a registered nurse (R.N.) in the area
37 where his or her services are performed and practicing within the scope of
38 that license.

- 1 **Physician** is a person licensed as a medical doctor (M.D.) or doctor of
 2 osteopathy (D.O.) duly licensed to prescribe and administer all drugs and to
 3 perform surgery.
- 4 **Psychologist** is a person duly licensed as a clinical psychologist in the area
 5 where his or her services are performed and practicing within the scope of
 6 that license.
- 7 **Service Representative** is an agent that has a contract with the Company to
 8 make benefit determinations and administer benefit payments under the
 9 plan and programs described in this summary. The Company may change a
 10 service representative at any time.
- 11 **Substance Abuse** is an alcohol or drug-related disorder that exhibits signs,
 12 symptoms, history, and other characteristics congruent with those required
 13 for a substance-related disorder as enumerated in the *Diagnostic and*
 14 *Statistical Manual of Mental Disorders*, 4th edition (DSM IV).

15 **Traditional Medical Plan Schedule of Benefits**

16 The Traditional Medical Plan will be as described in the following
 17 “Traditional Medical Plan Schedule of Benefits.”

Traditional Medical Plan Schedule of Benefits		
The Traditional Medical Plan is administered by Regence BlueShield (the service representative).		
	Network	Nonnetwork
Annual Deductible	\$200 per individual; \$600 per family of 3 or more, but not more than \$200 for any individual	
Office Visit Copayment (annual deductible does not apply)	\$15 for physician office visits, pregnancy-related conditions, and spinal and extremity manipulations; does not apply to mental health or substance abuse treatment, preventive care, or tobacco cessation treatment	Does not apply; charges of nonnetwork providers are subject to the annual deductible and coinsurance
Coinsurance	95%	60%

Traditional Medical Plan Schedule of Benefits

The Traditional Medical Plan is administered by Regence BlueShield
(the service representative).

	Network	Nonnetwork
Annual Out-of-Pocket Maximum (in addition to the annual deductible)	\$2,000 per individual; \$4,000 per family of 2 or more, but not more than \$2,000 for any 1 person	
Lifetime Maximum Benefit	\$1,500,000 per individual (network and nonnetwork combined)	
Hospital Services and Supplies	100% in a hospital that meets patient safety standards; 95% in a hospital that does not meet patient safety standards	60%
Emergency Room		
Medical Emergency	\$50 copayment (waived if you are admitted as an inpatient immediately after emergency room care) 100% in a hospital that meets patient safety standards; 95% in a hospital that does not meet patient safety standards	See network provisions
All Other Treatment	95% after \$50 copayment	60% after \$50 copayment

Traditional Medical Plan Schedule of Benefits

The Traditional Medical Plan is administered by Regence BlueShield
(the service representative).

	Network	Nonnetwork
Mental Health Treatment (including eating disorders)		
Covered Inpatient, Partial Hospital, Residential, or Intensive Outpatient Services	95% when referred by Boeing behavioral health manager	50% when <i>not</i> referred by Boeing behavioral health manager; up to 20 days per benefit year
Covered Outpatient Services	80% when referred by Boeing behavioral health manager	50% when <i>not</i> referred by Boeing behavioral health manager; up to 20 visits per benefit year
Tobacco Cessation Treatment		
Covered physician, health care professional, and approved provider charges	100% (annual deductible does not apply) \$500 lifetime benefit maximum	
Substance Abuse Treatment		
Covered Inpatient, Partial Hospital, Residential, Intensive Outpatient, or Outpatient Services	95% when referred by Boeing behavioral health manager Limit 2 courses of treatment lifetime maximum (network and nonnetwork combined)	50% when <i>not</i> referred by Boeing behavioral health manager; \$5,000 maximum per course of treatment Limit 2 courses of treatment lifetime maximum (network and nonnetwork combined)

Traditional Medical Plan Schedule of Benefits

The Traditional Medical Plan is administered by Regence BlueShield
(the service representative).

	Network	Nonnetwork
Preventive Care		
Routine Physical Examinations (for employees and spouses)	100% up to \$200 maximum per person per benefit year, including related X-ray and lab charges (deductible does not apply)	Not covered when received in a network service area
Well Child Benefits (for children under age 6)	100% (deductible does not apply)	Not covered when received in a network service area
Temporomandibular Joint Dysfunction and Myofascial Pain Dysfunction Syndrome (TMJ/MPDS) Treatment	50% up to \$3,500 lifetime maximum	

- 1
- 2 Prescription drug benefits are as shown in the “Prescription Drug Program”
- 3 section. Vision care benefits, as shown in the “Vision Care Program”
- 4 section, will continue to apply to active employees.

1 **Hospital Patient Safety Standards**

2 The plan will pay covered network hospital inpatient and outpatient facility
3 charges at the highest benefit level for hospital services and supplies, after
4 you satisfy the deductible, if:

- 5 • You are admitted for a specified high-risk procedure and the hospital
6 meets Standard 1 below, or
- 7 • You are admitted for inpatient care or treated as an outpatient for any
8 other reason and the hospital meets both Standard 2 and Standard 3
9 below.

Hospital Patient Safety Standards	
Criteria for Network Hospital Admissions for Complex Procedures	
Standard 1: evidence-based hospital referral	For patients admitted for one of several complex procedures (such as coronary artery bypass grafts, percutaneous coronary intervention, abdominal aortic aneurysm repair, pancreatic resection, esophagectomy, and high-risk deliveries), the hospital meets experience criteria consisting of process, volume, and/or outcome measures for performing the specific procedure.
Criteria for Other Network Hospital Admissions	
Standard 2: computerized physician order entry	The hospital publicly assures that physicians enter at least 75% of inpatient medication orders on a computer linked to error-prevention software capable of alerting physicians to at least 50% of common, serious prescribing errors.

Hospital Patient Safety Standards	
Criteria for Network Hospital Admissions for Complex Procedures	
Standard 3: intensive care unit staffing	<p>The hospital publicly assures that patients in its adult and/or pediatric intensive care unit are managed or comanaged by critical care specialists who:</p> <ul style="list-style-type: none"> • Are present during daytime hours and exclusively provide clinical care in the ICU, and • At all other times, can return urgent ICU paging calls within 5 minutes and arrange for a physician (or FCCS-certified non-physician specialist) to reach ICU patients within 5 minutes at least 95% of the time. <p>In locations where scientifically rigorous, risk-adjusted outcome comparisons are publicly reported for ICU performance, favorable risk-adjusted outcomes may replace the above criteria for ICU staffing.</p>

1 The hospital patient safety standards do not apply to mental health or
2 substance abuse treatment.

3 **Vision Care Program**

4 The vision care program described in this section is available to active
5 employees and dependents enrolled in the Traditional Medical Plan.

6 **Vision Care Program Schedule of Benefits**

Vision Care Program Schedule of Benefits	
The vision care program is administered by Vision Service Plan (VSP, the service representative).	
Services and Supplies	VSP Plan
Eye Examinations	Paid in full after \$15 copayment for VSP network provider; up to \$50 for nonnetwork provider
Lenses (2):	
Single vision	\$50*
Bifocal	\$80*
Trifocal	\$95*

Vision Care Program Schedule of Benefits

The vision care program is administered by Vision Service Plan (VSP, the service representative).

Lenticular	\$155*
Frames	\$70*
Contact Lenses (in place of allowances for conventional lenses and frames above)	\$105*

* VSP network providers offer a 20% discount on complete pairs of prescription glasses and a 15% discount on contact lens examinations (evaluation and fitting); you pay the VSP network provider only the excess over the amounts shown in the schedule above. Nonnetwork provider charges for lenses, frames, and contact lenses are reimbursed up to the amounts shown in the schedule above; no discount applies.

1 **Covered Vision Services and Supplies**

2 The program covers the following vision care services and supplies (up to
3 the amounts shown in the Schedule of Benefits):

- 4 • Complete eye examination of visual function, performed by a licensed
5 ophthalmologist or optometrist.
- 6 • Contact lenses if elected in place of conventional lenses and frames.
- 7 • Frames required for prescription lenses.
- 8 • Prescription lenses.

9 **Benefit Payment Levels**

10 See the Schedule of Benefits on page 216 for payment levels.

11 *Patients incur an additional charge for noncovered lens options such as*
12 *lens coatings or hardening, tints, photochromic, polycarbonate, and*
13 *scratch-resistant or shatter-resistant lenses.*

14 Other vision care services are not covered under this program, but some
15 may be covered as a medical condition under the Traditional Medical Plan.

16 **Benefit Limitations**

17 Benefits are provided for one eye examination every benefit year and two
18 sets of lenses and two frames every two years (network and nonnetwork
19 combined). The program covers contact lenses when purchased in place of
20 conventional lenses and frames. Any replacement of lost, stolen, or broken
21 lenses and/or frames is subject to the two-set limit.

1 **Vision Care Program Exclusions**

2 The following vision care expenses are not covered:

- 3 • Corrective vision treatment of an experimental nature. (Experimental
4 nature means a procedure or lens not used universally or accepted by the
5 vision care profession, as determined by the service representative.)
- 6 • Costs above the maximum covered expenses.
- 7 • Lens options (such as coatings or hardening, tints, photochromic,
8 polycarbonate, or scratch-resistant or shatter-resistant lenses).
- 9 • Medical or surgical treatment of the eye. (However, VSP network
10 providers will offer discounts for refractive surgery.)
- 11 • Orthoptics or vision training or any associated supplemental testing;
12 dyslexia.
- 13 • Plano lenses (less than a ± 0.38 diopter power), nonprescription glasses,
14 two pair of glasses instead of bifocals, or extra charge for progressive
15 lenses in excess of the bifocal allowance.
- 16 • Services or supplies not listed as covered expenses.
- 17 • Services or supplies received more than 60 days after the service
18 representative authorizes vision care benefits.
- 19 • Services or supplies received while not covered or lenses or frames
20 furnished or ordered before coverage begins.
- 21 • Solutions and/or cleaning products for glasses or contact lenses.
- 22 • Special supplies, such as nonprescription sunglasses or subnormal vision
23 aids.

24 **Prescription Drug Program**

25 The prescription drug program described in this section is available to
26 employees and dependents enrolled in the Traditional Medical Plan.

27 This program offers 2 coverage options for prescription drugs and
28 medicines:

- 29 • Retail pharmacy card program—you can use the pharmacy card to obtain
30 covered prescriptions from a participating retail pharmacy.
- 31 • Mail service program—called Medco By Mail.

32 A formulary applies to all retail pharmacy and mail order purchases. (A
33 formulary is a list of drugs determined to be effective in both cost and
34 treatment and approved by the Food and Drug Administration (FDA). A
35 nonformulary drug also may be effective for treatment, but is not as cost-

1 effective as formulary or generic drugs. A group of practicing physicians
 2 and pharmacists routinely reviews drugs to include in the formulary. If
 3 clinical data show several drugs are equally effective, the most cost-
 4 effective drug usually is chosen. The formulary may change from time
 5 to time.)

6 There are 3 categories of prescription drug purchases:

- 7 • **Generic**—drugs that are chemically and therapeutically equivalent to
 8 their brand-name counterparts but usually cost less.
- 9 • **Brand-name formulary**—brand-name drugs selected for the formulary
 10 based on cost and effectiveness.
- 11 • **Brand-name nonformulary**—brand-name drugs not selected for the
 12 formulary.

13 The program includes utilization management services (see “Pharmacy
 14 Management” on page 221) to help ensure cost-effective, clinically
 15 appropriate treatment.

16 **Prescription Drug Program Schedule of Benefits**

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Medco Health Solutions, Inc. (the service representative).			
	Generic	Brand-Name Formulary	Brand-Name Nonformulary
Participating Pharmacy (up to the greater of a 34-day supply or 100 units); 5 refill maximum	\$5 copayment	\$15 copayment	\$30 copayment
Mail Service Program (Medco By Mail; up to a 90-day supply)	\$10 copayment	\$30 copayment	\$60 copayment

Prescription Drug Program Schedule of Benefits

The prescription drug program is administered by
Medco Health Solutions, Inc.
(the service representative).

	Generic	Brand-Name Formulary	Brand-Name Nonformulary
Nonparticipating Pharmacy (or participating pharmacy without identification card; participating pharmacy limits apply)	\$5 copayment	\$15 copayment	\$30 copayment

1 **Retail Pharmacy Card Program**

2 This program covers medically necessary prescription drugs required by
3 Federal or state law to be prescribed in writing by a physician or dentist and
4 dispensed by a licensed pharmacist. Covered prescriptions include legend
5 drugs, contraceptive medications, tobacco cessation drugs, self-
6 administered injectable drugs, insulin, needles and syringes, test strips,
7 lancets, and alcohol swabs.

8 Prior authorization may be required for certain medications.

9 The retail pharmacy card program covers up to the greater of a 34-day
10 supply or 100 units per prescription or refill. A maximum of five refills can
11 be obtained per prescription.

12 **Mail Service Program**

13 The Medco By Mail program covers medically necessary prescription drugs
14 and medicines required by Federal or state law to be prescribed in writing
15 by a physician or dentist and dispensed by a licensed pharmacist. Covered
16 prescriptions include legend drugs, contraceptive medications, tobacco
17 cessation drugs, self-administered injectable drugs, insulin, needles and
18 syringes, test strips, lancets, and alcohol swabs.

19 Prior authorization may be required for certain medications.

20 Medco By Mail covers up to a 90-day supply per prescription or refill.
21 Authorized refills are covered only after the initial order has been used.
22 Certain controlled substances are subject to quantity limits.

23 Unless the physician indicates otherwise, you will receive a generic
24 equivalent of the prescribed drug when available and permissible under the
25 law. You also may receive a different brand that is medically equivalent.

1 **Pharmacy Management**

2 Specific drugs are reviewed by the prescription drug program service
3 representative at the point of sale to determine if your prescription is
4 covered by the plan, clinically appropriate, and consistent with usage
5 guidelines.

6 **Prescription Drug Program Exclusions**

7 The following items are excluded under both the retail pharmacy card
8 program and the mail service program:

- 9 • Any prescription filled in excess of the number prescribed by the
10 physician or any refill after 1 year from the date of the prescription.
- 11 • Any prescription for which the person is eligible to receive benefits under
12 another employer's group benefit plan or a workers' compensation law or
13 from any municipal, state, or Federal program.
- 14 • Any service or supply otherwise excluded by the Traditional Medical
15 Plan or vision care program.
- 16 • Appliances or devices, such as blood glucose monitors or other nondrug
17 items, including but not limited to therapeutic devices and artificial
18 appliances. This exclusion does not apply to needles or syringes or to test
19 strips, lancets, or alcohol swabs.
- 20 • Charges for the administration or injection of any drug.
- 21 • Delivery or handling charges.
- 22 • Drugs dispensed during an inpatient admission by a hospital, skilled
23 nursing facility, sanatorium, or other facility.
- 24 • Experimental drugs or drugs used for investigational purposes.
- 25 • Fertility agents, unless approved by the service representative.
- 26 • Immunizing agents or allergy serum.
- 27 • Infusion therapy drugs, except as described in the home health care
28 benefit.
- 29 • Medications to treat sexual dysfunction, unless the patient is being
30 treated for a diagnosed medical condition.
- 31 • Obesity drugs, unless approved by the service representative.
- 32 • Over-the-counter drugs.
- 33 • Prescriptions purchased from a nonnetwork mail service program.

- 1 • Prescriptions that are not medically necessary to treat an illness, injury,
- 2 or other covered condition, except as specifically provided by the
- 3 program.
- 4 • Replacement of lost or misplaced prescriptions.

5 **Coordinated Care Plans Schedule of Benefits**

6 The coordinated care plan benefits will be as described in the following
 7 “Coordinated Care Plans Schedule of Benefits.”

Coordinated Care Plans Schedule of Benefits		
The Coordinated Care Plans are administered by Regence BlueShield, Kaiser Permanente, and Preferred Plus of Kansas (the service representatives).		
	Network	Nonnetwork
Annual Deductible	None	\$400 per individual
Coinsurance	100%	60%
Annual Out-of-Pocket Maximum	None*	\$2,000 per individual; \$4,000 per family of 2 or more, but not more than \$2,000 for any 1 person*
Lifetime Maximum Benefit	\$1,500,000 per individual	
Emergency Room (emergencies)	\$50 copayment	
Office Visit and Urgent Care	\$10 copayment per visit	60%

Coordinated Care Plans Schedule of Benefits

The Coordinated Care Plans are administered by Regence BlueShield, Kaiser Permanente, and Preferred Plus of Kansas (the service representatives).

	Network	Nonnetwork
Prescription Drugs		
Participating Pharmacy	\$5 copayment generic; \$15 copayment brand-name formulary; \$30 copayment brand-name nonformulary;* 34-day supply	Not covered
Mail Service Program	\$10 copayment generic; \$30 copayment brand-name formulary; \$60 copayment brand-name nonformulary;* 90-day supply	Not covered
Vision		
Eye Exams	\$10 copayment for 1 exam every 12 months	Not covered
Frames and Lenses	Varies by plan	Same as network*
* Varies by plan		
These are highlights only. Benefits are paid in accordance with the terms of the coordinated care plan documents.		

1 Incentive Dental Plan

- 2 The Incentive Dental Plan described in this section is available to active
3 employees and their dependents. This plan provides you and your covered

- 1 dependents with the highest level of coverage when you receive preventive
 2 dental care regularly. In this way, the plan offers a financial incentive to
 3 maintain good dental health through routine cleanings and checkups. This
 4 plan also helps you pay for minor and major dental work, including fillings,
 5 crowns, dentures, bridges, and orthodontic services.
- 6 You and your covered dependents may receive dental care from any
 7 licensed dentist or other licensed professional who is approved by the plan.
 8 However, your out-of-pocket costs generally will be lower if you use a
 9 network dentist.

Incentive Dental Plan Schedule of Benefits The Incentive Dental Plan is administered by Delta Dental (the service representative).	
Annual Deductible (based on the January 1– December 31 benefit year)	\$25 per individual; \$75 per family of 3 or more, but not more than \$25 for any individual; applies to all covered services and supplies, except as noted below
Coinsurance Percentage	
<ul style="list-style-type: none"> • Class I (diagnostics, preventive care, restorations using filling materials, oral surgery, periodontics, certain endodontics, and pedodontics) 	70% to 90% of covered charges, based on the patient's incentive care payment level, in 10% increments (annual deductible does not apply to examinations, X-rays, cleanings, fluoride treatment, or fissure sealants)
<ul style="list-style-type: none"> • Class II (restorations using crowns, inlays, or onlays) 	70% of covered charges
<ul style="list-style-type: none"> • Class III (prosthodontics) 	50% of covered charges
<ul style="list-style-type: none"> • Class IV (orthodontia) 	50% of covered charges (deductible does not apply)
Annual Maximum Benefit (for Classes I, II, and III)*	\$1,750 per individual
Lifetime Maximum Benefit (for Class IV)**	\$2,000 per individual

Incentive Dental Plan Schedule of Benefits

The Incentive Dental Plan is administered by Delta Dental
(the service representative).

* When multiple treatment dates are required, the charges apply toward the annual maximum benefit for the benefit year in which the procedure is completed. (A prosthesis is considered complete on the date it is seated or delivered.)

** This lifetime maximum benefit for orthodontia applies to all periods during which the person is covered under any Company-sponsored dental plan.

1 You and your dependents are responsible for paying all charges for services
2 and supplies the plan does not cover.

3 Annual Deductible

4 Generally, the annual deductible is the amount you must pay out of your
5 own pocket each benefit year before the plan begins to pay benefits. The
6 annual deductible applies to most covered services but not all. The
7 following Class I services and supplies are excluded from the annual
8 deductible:

- 9 • Cleanings (prophylaxis).
- 10 • Examinations.
- 11 • Fissure sealants.
- 12 • Fluoride treatment.
- 13 • X-rays.

14 Orthodontia (Class IV) also is excluded from the annual deductible.

15 This means that the plan begins to pay its coinsurance percentage
16 immediately for these basic dental services. The coinsurance percentage you
17 pay for these services does not count toward your annual deductible.

18 This plan has an individual annual deductible and a family annual
19 deductible. If you and 3 or more of your dependents are covered under the
20 plan, the family annual deductible limits the total annual deductible you are
21 required to pay in any benefit year.

22 The annual deductibles are shown in the “Incentive Dental Plan Schedule of
23 Benefits.”

24 Coinsurance Percentages

25 For many services and supplies, you and the plan each pay a percentage of
26 the recognized fee. These percentages are called coinsurance percentages.

1 Generally, except for certain diagnostic and preventive Class I services and
2 supplies, you must first satisfy the entire annual deductible before the plan
3 pays its coinsurance percentage.

4 A coinsurance percentage does not apply to

- 5 • Any amounts you pay for services that the plan does not cover.
- 6 • Any amounts that exceed the usual and customary charge.

7 Coinsurance percentages are shown in the “Incentive Dental Plan Schedule
8 of Benefits.”

9 **How the Incentive Dental Percentage Is Determined**

10 The plan pays the lowest coinsurance percentage toward Class I dental care
11 during your first benefit year. Each benefit year thereafter that you receive
12 covered dental care, the plan coinsurance percentage increases by 10%, up
13 to the maximum coinsurance percentage.

14 If you do not receive covered dental care in a benefit year, the plan
15 coinsurance percentage is reduced by 10%, but never below the initial
16 coinsurance percentage.

17 **Benefit Maximums**

18 For Classes I, II, and III, an annual maximum applies to each covered
19 person. The annual maximum amount is shown in the “Incentive Dental
20 Plan Schedule of Benefits.” You are responsible for paying any charges
21 over the annual maximum benefit.

22 For Class IV, a lifetime maximum benefit applies to each covered person.
23 The lifetime maximum benefit amount is shown in the “Incentive Dental
24 Plan Schedule of Benefits.”

25 **Recognized Fees**

26 This plan pays benefits based on recognized fees. A recognized fee is the
27 provider’s charge for a covered service, up to the plan’s maximum
28 allowance. The amount of the recognized fee depends on whether you see a
29 network or nonnetwork provider.

30 Under this plan, recognized fees are determined as follows:

- 31 • For a network dentist, recognized fees are network allowed charges.
- 32 • For a nonnetwork dentist, covered charges are the lesser of either
 - 33 – The amount charged by the dentist.
 - 34 – The filed fee that the service representative approved for network
 - 35 dentists in the state where services are performed.

1 When alternative procedures are available, the plan covers the least
2 expensive procedure. However, if your dentist submits satisfactory evidence
3 to the service representative that a more expensive procedure is the only one
4 professionally adequate for you, the plan covers the more expensive
5 procedure according to the appropriate benefit payment level.

6 **Covered Dental Services and Supplies**

7 The Incentive Dental Plan covers 4 classes of services and supplies in
8 accordance with the benefit payment levels and maximums shown in the
9 “Incentive Dental Plan Schedule of Benefits.”

10 *Class I Covered Services and Supplies*

11 The plan covers the following Class I services and supplies:

- 12 • Routine diagnostic examinations, including
 - 13 – Routine examination, once in a 6-month period.
 - 14 – Complete mouth or panoramic X-rays, once in a 36-month period.
 - 15 – Supplementary bitewing X-rays, once in a 12-month period.
 - 16 – Emergency examinations.
 - 17 – Comprehensive oral examination, once in a 36-month period, which
 - 18 counts as the routine examination once in a 6-month period.
- 19 • Preventive care, including
 - 20 – Fissure sealants, through age 13, for permanent molar teeth with intact
 - 21 occlusal surfaces, no decay, and no prior restorations. The repair or
 - 22 replacement of a sealant on any tooth within 36 months is considered
 - 23 part of the original services.
 - 24 – Prophylaxis (cleaning), either regular or periodontal, once in a 4-
 - 25 month period.
 - 26 – Topical application of fluoride, twice in a 6-month period, when
 - 27 performed with prophylaxis, for dependent children through age 18.
- 28 • General anesthesia when administered by a licensed dentist in connection
- 29 with certain covered
 - 30 – Oral surgery.
 - 31 – Endodontic surgery.
 - 32 – Periodontic surgery.
- 33 • Restorative services (minor restoration), including the restoration of a
- 34 visibly decayed hard tooth surface (cariou lesion) to a state of proper
- 35 function by using a filling material such as amalgam, silicate, plastic or

1 glass ionomer, or a stainless steel crown. Restorations on the same
2 surface(s) of the same tooth will be covered once in each 24-month
3 period. Composite, plastic, or glass ionomer restorations on a posterior
4 tooth are covered up to the amount allowed for an amalgam restoration.

- 5 • Oral surgery, including
 - 6 – Surgical and nonsurgical extractions.
 - 7 – Preparation of the alveolar ridge and soft tissues of the mouth to insert
 - 8 dentures.
 - 9 – Ridge extension to insert dentures (vestibuloplasty).
 - 10 – Treatment of pathological conditions and traumatic facial injuries.
- 11 • Endodontics, including the following procedures:
 - 12 – Pulpal and root canal therapy.
 - 13 – Pulp exposure treatment, pulpotomy, and apicoectomy.
 - 14 – Root canal treatment on the same tooth, once in each 2-year period.
 - 15 – Retreatment of the same tooth when performed by a different dental
 - 16 office.
- 17 • Pedodontics, including space maintainers that are used to maintain space
18 for the eruption of permanent teeth.
- 19 • Periodontics (surgical and nonsurgical procedures to treat tissues that
20 support the teeth), including
 - 21 – Gingivectomy.
 - 22 – Limited adjustments to occlusion (8 or fewer teeth) such as smoothing
 - 23 teeth or reducing cusps.
 - 24 – Root planing or subgingival curettage, but not both, once in each 24-
 - 25 month period.

26 ***Class II Covered Services and Supplies***

27 The plan covers these Class II services and supplies, which are restorative
28 services (major restoration):

- 29 • Restoration of a visibly decayed hard tooth surface (cariou lesion) to a
30 state of proper function by using crowns, inlays, or onlays (gold,
31 porcelain, plastic, or gold-substitute castings or a combination) once in
32 each 5-year period for the same tooth when the tooth cannot be restored
33 effectively with a filling material (amalgam, silicate, or plastic). If a tooth
34 can be restored with a filling material such as amalgam, silicate, or

1 plastic but you choose a more expensive procedure, this plan will cover
2 the cost up to the amount for a filling to repair the condition.

- 3 • Recementing a crown, inlay, or onlay, once in a 12-month period.
- 4 • Use of a crown as an abutment to a partial denture, but only when the
5 tooth is decayed to the extent a crown would be required whether or not a
6 partial denture is required.
- 7 • Temporary crown for a fractured tooth.

8 ***Class III Covered Services and Supplies***

9 Under the Incentive Dental Plan, prosthodontics are in Class III. The plan
10 covers these Class III services and supplies:

- 11 • A full denture, immediate denture, or overdenture. For any other
12 procedure (such as personalized restorations or specialized treatment),
13 the plan covers up to the appropriate amount for a full denture,
14 immediate denture, or overdenture. Root canal therapy in conjunction
15 with overdentures is limited to 2 teeth per arch.
- 16 • A cast chrome or acrylic partial denture. If a more elaborate or precision
17 device is used, the plan will cover up to the appropriate amount for
18 covered partial dentures.
- 19 • Denture adjustments and relines that are provided more than 6 months
20 after initial placement. Later relines and jump rebases (but not both) are
21 covered once in each 12-month period.
- 22 • Implant and related appliances attached to the implant once in each 5-
23 year period. If you elect an implant and related attached appliances, the
24 plan allows up the amount the plan would have paid for a full or partial
25 denture, once in a 5-year period.
- 26 • Replacement of an existing prosthetic device, once in each 5-year period,
27 if the device is unserviceable and cannot be made serviceable. (Services
28 to correct the device, if serviceable, are covered.)

29 ***Class IV Covered Services and Supplies***

30 Under the plan, orthodontic services and supplies are in Class IV. The plan
31 covers straightening of teeth, including correction or prevention of
32 malocclusion.

33 **Pretreatment Estimate**

34 If your dental care will be extensive, you may ask your dentist to submit a
35 request for a pretreatment estimate, called a “predetermination of benefits.”
36 This predetermination will allow you to know in advance what procedures

1 are covered, the amount the service representative will pay toward the
2 treatment, and your financial responsibility.

3 **Incentive Dental Plan Exclusions**

4 The Incentive Dental Plan does not cover the following services or supplies.

5 • Analgesics such as nitrous oxide, intravenous sedation, euphoric drugs,
6 injections, prescription drugs, or application of desensitizing agents.

7 • Appliances or cleaning of appliances and certain restorations as follows:

8 – Appliances or restorations necessary to correct vertical dimension or
9 to alter morphology (shape) or occlusion, overhang removal, or
10 recontouring or polishing a restoration.

11 – Cleaning of prosthetic appliances.

12 – Duplicate dentures, temporary dentures, personalized dentures, or
13 crowns and copings provided in connection with overdentures.

14 – Fixed prosthodontics for children under age 16.

15 – Habit-breaking appliances.

16 – Replacement of a space maintainer previously covered by the plan.

17 • Cosmetic procedures (including laminates and tooth bleaching, whether
18 vital or nonvital), appliances, or restorations primarily for cosmetic
19 purposes.

20 • Experimental services or supplies (or related complications)—the plan
21 does not cover experimental services or supplies whose use and
22 acceptance as a course of dental treatment for a specific condition still
23 are under investigation or observation. To determine whether services are
24 experimental, the service representative uses American Dental
25 Association guidelines and considers whether the services

26 – Are in general use in the local dental community.

27 – Are proven to be safe and effective.

28 – Are under continued scientific testing and research.

29 – Show a demonstrable benefit for a particular dental condition.

30 • Other dental exclusions as follows:

31 – Caries (decay) susceptibility tests.

32 – Charges for services or supplies that are received while the patient is
33 not covered under the plan.

- 1 – Consultations or elective second opinions.
- 2 – Crowns used as abutments to a partial denture for purposes of
- 3 recontouring, repositioning, or to provide additional retention, unless
- 4 the tooth is decayed to the extent that a crown would be required to
- 5 restore the tooth in the absence of a partial denture.
- 6 – Crowns used to repair microfractures of tooth structure when the tooth
- 7 displays no symptoms.
- 8 – Diagnostic services or X-rays related to temporomandibular joints
- 9 (jaw joints).
- 10 – Fees for broken appointments.
- 11 – Fees for completing insurance forms.
- 12 – Full mouth (major) occlusal adjustment.
- 13 – Gingival curettage.
- 14 – Home fluoride kits.
- 15 – Hospitalization charges or any additional dental fees associated with
- 16 hospitalization.
- 17 – Iliac crest or rib grafts to alveolar ridges.
- 18 – Injuries or conditions covered under workers' compensation or
- 19 employers' liability laws.
- 20 – Oral hygiene or dietary instruction.
- 21 – Orthognathic surgery.
- 22 – Patient management problems.
- 23 – Periodontal splinting; any crown or bridgework provided with
- 24 periodontal therapy or periodontal appliances.
- 25 – Plaque control programs.
- 26 – Porcelain or resin inlay bridges.
- 27 – Proposed treatment plan review or case presentation by the attending
- 28 dentist.
- 29 – Restorations on the same surface or surfaces of a tooth within 2 years
- 30 of the original service.
- 31 – Ridge extension to insert dentures (vestibuloplasty).
- 32 – Services or supplies covered by any Federal, state, or provincial
- 33 government agency or provided without cost by any municipality,

1 county, or other political subdivision or community agency. However,
2 if government agency payments are insufficient for covered services
3 or supplies or if benefits are provided by a government agency as an
4 employer to its employees, dental coverage will not be excluded and
5 will be subject to coordination of benefits.

- 6 – Services or supplies to the extent that benefits are payable for them
7 under any motor vehicle medical, motor vehicle no-fault, uninsured
8 motorist, underinsured motorist, personal injury protection (PIP),
9 commercial liability, homeowner’s policy, or other similar type of
10 coverage.
- 11 – Services specifically excluded in this plan description and all other
12 items that are not specifically included in this plan as covered dental
13 benefits.
- 14 – Study or diagnostic models.
- 15 – Surgical placement or removal of implants or attachments to implants,
16 except as shown in “Class III Covered Services and Supplies.”
- 17 – Tooth transplants or materials placed in extraction to generate osseous
18 filling.
- 19 – Treatment of temporomandibular (jaw) joints.

20 **How Dental Coverage May Be Extended**

21 The plan generally does not cover services or supplies that you receive
22 while you are not covered under the plan. However, the plan will cover
23 certain services and supplies for an additional three months after the date
24 coverage would otherwise end. These services and supplies and the
25 conditions for extending care are described below:

- 26 • A crown that is required to restore a tooth (independent of the crown’s
27 use in connection with a partial denture) if the tooth is prepared for the
28 crown while you are covered. If the tooth is prepared after your coverage
29 ends, your dentist must have documented the need, such as by requesting
30 a pretreatment estimate, before your coverage ended.
- 31 • A prosthetic device (including abutment crowns of a partial denture), if
32 the impressions are taken while you are covered, and the device is
33 installed or delivered within 3 months after your coverage ends. If the
34 impressions are taken after your coverage ends, your dentist must have
35 documented the need, such as by requesting a pretreatment estimate,
36 before your coverage ended.
- 37 • Orthodontia care provided within 3 calendar months after your coverage
38 ends.

- 1 • Restorative, endodontic, periodontic, and oral surgical procedures
2 completed within 3 months after your coverage ends. If the services start
3 after your coverage ends, your dentist must have documented the need,
4 such as by requesting a pretreatment estimate, before your coverage
5 ended.

6 **Prepaid Dental Plan**

7 The Prepaid Dental Plan benefits will be as follows:

8 **Provider Selection**

9 Participating providers offer complete dental care to you and your
10 dependents. You must select a participating provider when you enroll in the
11 Prepaid Dental Plan. All covered dental services, except orthodontic and
12 out-of-area emergency care, are provided by this selected provider.

13 If you wish to transfer to another participating provider, you must contact
14 the service representative. An approved transfer is effective the first day of
15 the month following the service representative's receipt of the change
16 request.

17 Orthodontic care may be obtained from any licensed dentist.

18 **Plan Payment Levels and Maximum Benefits**

19 The plan provides all necessary covered dental services at no cost to
20 employees and eligible dependents except as specified below.

- 21 • The plan pays 50% of usual and customary orthodontic charges, to a
22 \$2,000 lifetime maximum benefit during all periods the eligible person is
23 covered under the plan.
- 24 • The plan pays up to \$50 of reasonable charges for out-of-area emergency
25 services and supplies.

26 **Out-of-Area Emergencies**

27 The plan pays an out-of-area emergency benefit for dental services and
28 supplies provided by a licensed dentist other than your selected
29 participating provider.

30 Out-of-area means the covered person is more than 50 miles from the
31 selected participating provider. The plan pays reasonable charges for these
32 services and supplies, without prior approval, to a maximum of \$50.
33 Payment for out-of-area emergencies is made only if all these conditions
34 apply:

- 35 • The dental care is provided by a dentist outside the plan's service area.
- 36 • The service or supply is covered under the plan.

- 1 • The dental care is required for an acute condition and is provided solely
2 for the immediate relief of that condition.
- 3 • The patient could not have been reasonably expected to go to the selected
4 participating provider for the care.

5 **Coordination of Benefits**

6 If you or your dependent has medical, dental, or other health coverage in
7 addition to being covered under these medical and dental plans, the
8 following rules govern coordination of benefits with the other coverage.
9 Other coverage includes, whether insured or uninsured, another employer's
10 group benefit plan, other arrangement of individuals in a group, Medicare
11 (to the extent allowed by law), individual insurance or health coverage, and
12 insurance that pays without consideration of fault.

13 The service representative has the right to obtain and release any
14 information or recover any payment it considers necessary to administer
15 these provisions.

16 **Order of Payment**

17 The primary plan pays its benefits first and pays its benefits without regard
18 to benefits that may be payable under other plans. When another plan is the
19 primary plan for health care coverage, the secondary plan pays the
20 difference between the benefits paid by the primary plan and what would
21 have been paid had the secondary plan been primary.

- 22 • A plan is considered primary if
- 23 – It has no order of benefit determination rules.
- 24 – It has benefit determination rules that differ from coordination of
25 benefit rules under state regulations or, if not insured, that differ from
26 these rules.
- 27 – All plans that cover an individual use the same coordination of benefit
28 rules, and under those rules, the plan is primary.
- 29 • If the aforementioned rules do not determine which group plan is
30 considered primary, this plan applies the following coordination of
31 benefit rules:
- 32 – A plan that covers a person as an employee, retiree, member, or
33 subscriber pays before a plan that covers the person as a dependent.
- 34 – A plan that covers a person as an active employee or dependent of an
35 active employee is primary. The plan that covers a person as a retired,

1 laid-off, or other inactive employee or as a dependent of a retired, laid-
2 off, or other inactive employee is secondary.

3 – If a dependent child is covered under both parents’ group plans, the
4 child’s primary coverage is provided through the plan of the parent
5 whose birthday comes first in the calendar year, with secondary
6 coverage provided through the plan of the parent whose birthday
7 comes later in the calendar year.

8 – If a dependent child’s parents are divorced or separated and a court
9 decree establishes financial responsibility for the health care coverage
10 of the child, the plan of the parent with such financial responsibility is
11 the primary plan of coverage. If the divorce decree is silent on the
12 issue of coverage, the following guidelines are used:

13 ○ The plan of the parent with custody pays benefits first.
14 ○ The plan of the spouse of the parent with custody pays second.
15 ○ The plan of the parent without custody pays third.
16 ○ The plan of the spouse of the parent without custody pays fourth.

17 – If none of the aforementioned rules establishes which group plan
18 should pay first, then the plan that has covered the person for the
19 longest period is considered the primary plan of coverage.

20 – Continuation coverage under the Consolidated Omnibus Budget
21 Reconciliation Act of 1985 (COBRA), as amended, always is
22 secondary to other coverage, except as required by law.

23 – If an employee or dependent is confined to a hospital when first
24 becoming covered under this plan, this plan is secondary to any plan
25 already covering the employee or dependent for the eligible expenses
26 related to that hospital admission. If the employee or dependent does
27 not have other coverage for hospital and related expenses, this plan is
28 primary.

29 Benefits under a Company-sponsored medical or dental plan are not
30 coordinated with benefits paid under any other group plan offered by the
31 Company. You can receive benefits from only 1 Company-sponsored
32 medical or dental plan. However, when dental services performed by a
33 licensed dentist also are covered under the medical plan, the dental plan
34 pays its benefits first and the medical plan is secondary.

35 Federal rules govern coordination of benefits with Medicare. In most
36 cases, Medicare is secondary to a plan that covers a person as an active
37 employee or dependent of an active employee. Medicare is primary in
38 most other circumstances.

1 **Traditional Medical Plan**

2 The primary plan pays benefits without regard to any other plan. When the
3 Company-sponsored plan is secondary, it adjusts benefits so that the total
4 payable under both plans for expenses covered under the Company-
5 sponsored plan is not more than would be payable under the Company-
6 sponsored plan. Neither plan pays more than it would without coordination
7 of benefits.

8 Plan means any plan providing medical, dental, vision care, hearing aid
9 benefits, or treatment under individual insurance, group insurance, or any
10 other coverage for individuals in a group, whether on an insured or
11 uninsured basis.

12 Treatment of end-stage renal disease is covered by the Company-sponsored
13 plan for the first 30 months following Medicare entitlement due to end-
14 stage renal disease, and Medicare provides secondary coverage. After this
15 30-month period, Medicare provides primary coverage and the Company-
16 sponsored plan provides secondary coverage.

17 **Incentive Dental Plan**

18 Benefits payable under the Company-sponsored dental plan takes into
19 account any coverage (including orthodontic coverage) you or your eligible
20 dependents have under other plans.

21 Plan means any plan providing medical, dental, vision care, hearing aid
22 benefits, or treatment under group insurance or any other coverage for
23 individuals in a group, whether on an insured or uninsured basis. However,
24 plan excludes any medical plan sponsored by the Company. This means the
25 dental plan pays first when dental expenses performed by a dentist also are
26 covered by any medical plan sponsored by the Company.

27 The dental plan pays regular benefits in full or a reduced amount which,
28 when added to benefits payable by another plan, equals 100% of allowable
29 expenses.

30 **When an Injury or Illness Is Caused by the**
31 **Negligence of Another**

32 In some situations, you or a covered dependent may be eligible to receive,
33 as a result of an accident or illness, health care benefits from an automobile
34 insurance policy, homeowner's insurance policy or other type of insurance
35 policy, or from a responsible third party. In these cases, this plan will pay
36 benefits if the covered person agrees to cooperate with the service
37 representative in administering the plan's recovery rights.

1 If a person covered by this plan is injured by another party who is legally
2 liable for the medical or dental bills, he or she may request this plan to pay
3 its regular benefit on his or her behalf. In exchange, the covered person
4 agrees to:

- 5 • Notify the plan within 30 days of giving notice to any party, including an
6 insurance company or attorney, of the covered person's intention to
7 pursue a claim.
- 8 • Complete a claim and submit all bills related to the injury or illness to the
9 responsible party or any insurer.
- 10 • Complete and submit all of the necessary information requested by the
11 service representative.
- 12 • Reimburse the plan from any payment he or she receives from the
13 responsible party or any other source.
- 14 • Allow the plan to be subrogated to all rights of recovery a covered person
15 has against the responsible party or any other source and to cooperate
16 with the service representative's efforts to recover from the responsible
17 party or any other source any amounts this plan pays in benefits related to
18 the injury or illness, including any lawsuit brought against the
19 responsible party or insurer.
- 20 • Grant the plan a lien in the amount of benefits paid which can be
21 enforced against any source of funds available to compensate the covered
22 person for injury or illness caused by another party.

23 This provision applies whenever you or a covered dependent is entitled to
24 or receives benefits under this plan and is also entitled to or receives
25 compensation or any other funds from another party in connection with that
26 same medical condition, whether by insurance, litigation, settlement, or
27 otherwise. The plan is entitled to such funds to the extent of plan benefits
28 paid to or on behalf of the individual as a first-priority right, whether or not
29 the individual has been "made whole," and without regard to any common
30 fund doctrine. The plan is entitled to such funds regardless of whether the
31 plan's benefits are identified as being included in the funds and regardless
32 of whether liability for payment of the funds is admitted by the responsible
33 party or any other source of the funds. This plan may recover such funds by
34 constructive trust, equitable lien, right of subrogation, reimbursement, or
35 any other remedy allowed under applicable law.

36 The covered person shall do nothing to prejudice the plan's subrogation or
37 recovery interest, including, but not limited to, refraining from making any
38 settlement or recovery that attempts to reduce or exclude the full cost of all
39 benefits provided by the plan. If an individual fails, refuses, or neglects to
40 reimburse the plan or otherwise comply with the requirements of this

1 provision, or if payments are made under the plan based on fraudulent
2 information or otherwise in excess of the amount necessary to satisfy the
3 provisions of the plan, then, in addition to all other remedies and rights of
4 recovery that the plan may have, the plan has the right to terminate or
5 suspend benefit payments and/or recover the reimbursement due to the plan
6 by withholding, offsetting, and recovering such amount out of any future
7 plan benefits or amounts otherwise due from the plan to or with respect to
8 such individual. The plan also has the right in any proceeding at law or
9 equity to assert a constructive trust, equitable lien, or any other remedy or
10 recovery allowed under applicable law, against any and all persons or
11 entities who have assets that the plan can claim rights to. The plan has a
12 first-priority right of recovery from any judgment, settlement or other
13 payment, regardless of whether the individual has been “made whole,” and
14 without regard to any common fund doctrine.

15 In the event that any claim is made that any part of this subrogation and
16 recovery provision is ambiguous or questions arise concerning the meaning
17 or intent of any of its terms, the plan or service representative shall have the
18 sole authority and discretion to resolve all disputes regarding the
19 interpretation of this provision.

20 **Termination of Coverage**

21 **Life Insurance Coverage**

22 Life insurance coverage stops on the date your active employment
23 terminates.

24 Within 31 days after you terminate employment, by making application and
25 paying the first premium to the plan’s insurer, you may convert life
26 insurance coverage to an individual life insurance policy on any regular
27 whole life insurance plan. This individual policy will be issued, without
28 medical examination, at the insurer’s regular rates. The amount of life
29 insurance converted cannot exceed the amount in force on the date
30 insurance terminates.

31 If, after an individual conversion policy is issued, benefits under the Life
32 Insurance Plan are payable due to permanent and total disability, the
33 individual policy must be surrendered without claim other than the return of
34 paid premiums.

35 If your death occurs within 31 days after your coverage ends, a life
36 insurance benefit is payable equal to the amount you could have converted
37 to an individual policy.

1 **Accidental Death and Dismemberment and Survivor**
2 **Income Coverage**

3 Accidental death and dismemberment and survivor income coverage stops
4 on the date your active employment terminates.

5 **Short-Term Disability Coverage**

6 Short-term disability coverage stops at the end of the calendar month your
7 active employment terminates.

8 **Medical Coverage**

9 Medical coverage for you and your dependents stops at the end of the
10 calendar month your active employment terminates or the end of the last
11 month required contributions are paid, whichever occurs first. If earlier,
12 your dependent's coverage stops at the end of the month in which he or she
13 no longer qualifies as a dependent.

14 However, coverage may be continued under certain circumstances as
15 specified below. Any required contributions must be paid during these
16 periods for coverage to continue.

17 If you are terminating employment, the service representative will make
18 available an individual program of medical benefits similar to those then
19 being issued for group conversion. The benefits provided under the
20 individual plan will not exactly duplicate the benefits provided under this
21 group medical plan. This conversion privilege is also available to your
22 covered dependents who cease to qualify under the group policy and to
23 surviving covered dependents if you die. No evidence of insurability is
24 required.

25 **Dental Coverage**

26 Dental coverage for you and your dependents stops at the end of the
27 calendar month your active employment terminates. If earlier, your
28 dependent's coverage stops at the end of the calendar month in which he or
29 she no longer qualifies as a dependent.

30 However, coverage may be continued under certain circumstances as
31 specified below. Any required contributions must be paid during these
32 periods for coverage to continue.

33 **Retirement**

34 If you are eligible for, and enroll in, the Retiree Medical Plan, medical
35 coverage for you and your dependents ends at the end of the month
36 following the month in which your active employment ends.

1 **Change in Eligible Class of Employment**

2 When you remain employed by the Company but no longer in the class
3 eligible for coverage under this Package, coverage for you and your
4 dependents stops at the end of the month in which your transfer is effective.
5 If you become totally disabled before coverage ends under the Package, the
6 life insurance, accidental death and dismemberment, short-term disability,
7 and survivor income benefits of the Package, which would have continued
8 if you had stayed in the eligible class, will continue according to the terms
9 governing benefits during leaves of absence instead of all other Company
10 life insurance, accidental death and dismemberment, and disability benefits.

11 **Continuation of Medical and Dental Coverage (COBRA)**

12 If medical and dental coverage for you and your dependents (including a
13 same-gender domestic partner and his or her children) otherwise would
14 terminate due to one of the following reasons, these benefits may continue
15 for specified periods under Public Law 99-272, Title X, as amended, if the
16 individual makes a timely request to the Company and pays the required
17 contribution.

- 18 • Reduction in hours or termination of employment for any reason.
- 19 • Your death.
- 20 • Your divorce or dissolution of a same-gender domestic partner
21 relationship.
- 22 • A dependent child ceasing to be a dependent as defined under this
23 Package. (A child eligible to be continued under the Package's
24 incapacitated child provision will still be considered to have dependent
25 status.)
- 26 • Your dependent's loss of eligibility because you became eligible for
27 Medicare.

28 If you are laid off, the Company will contribute to the cost of COBRA
29 medical coverage for you and your dependents. Company contributions will
30 continue at the same rate as for active employees until you are covered by
31 any other group medical plan either as an active employee or as a
32 dependent, but in no event beyond the expiration of the COBRA period or
33 6 months after the date of layoff, whichever occurs first.

34 If you die (other than from an industrial accident), the Company will
35 contribute to the cost of your dependents' COBRA medical and dental
36 coverage for up to 12 months. Your dependents' contributions for the first
37 12 months of COBRA medical and dental coverage will be the same as for
38 dependents of active employees.

1 If you die from an industrial accident, the Company will contribute to the
2 cost of your dependents' COBRA medical and dental coverage for up to
3 36 months. Your dependents' contributions for COBRA medical and dental
4 coverage will be the same as for dependents of active employees.

5 **Leaves of Absence**

6 When you are absent with leave, coverage may continue as follows; any
7 required contributions must be paid during these periods for coverage to
8 continue.

9 **Approved Medical Leaves of Absence**

10 If you are eligible for coverage and begin an approved medical leave of
11 absence due to a total disability, you are eligible for the Package the same
12 as an active employee until the last day of the calendar month in which your
13 leave began. (Your eligible dependents also are eligible for medical and
14 dental benefits.)

15 If you are totally disabled and remain on an approved medical leave of
16 absence that extends beyond this period, your life insurance, accidental
17 death and dismemberment, short-term disability, survivor income, medical,
18 and dental benefits (and dependent medical and dental benefits) continue up
19 to 6 full consecutive calendar months during the approved medical leave
20 with Company contributions.

21 If the approved medical leave extends beyond this 6-month period due to
22 continuous total disability, your medical coverage continues for up to an
23 additional 24 months with Company contributions. Medical coverage ends
24 earlier if you become eligible for Medicare or are no longer considered
25 totally disabled. You also may continue the life insurance, accidental death
26 and dismemberment, survivor income, and dental benefits (and medical and
27 dental benefits for eligible dependents) during this time by paying 100% of
28 the cost of coverage on or before the tenth day of the month in which they
29 are due.

30 If you or your covered dependent is considered disabled by Social Security
31 during the seventh or eighth month of the absence, you may continue
32 medical and dental coverage for yourself and eligible dependents for up to 5
33 additional months by paying 150% of the cost of coverage.

34 Medical and dental coverage continued after the sixth calendar month of
35 medical leave is considered COBRA continuation coverage.

36 **Other Approved Leaves of Absence**

37 If you are eligible for coverage and begin an approved leave of absence, you
38 are eligible for the Package the same as an active employee until the last

1 day of the calendar month in which your leave began. (Your eligible
2 dependents also are eligible for medical and dental benefits.)

3 If the approved leave extends beyond this time, your life insurance,
4 accidental death and dismemberment, short-term disability, survivor
5 income, medical, and dental benefits (and dependent medical and dental
6 benefits) continue for up to 3 full consecutive calendar months with
7 Company contributions.

8 After this 3-month period, you may continue medical and dental coverage
9 for up to an additional 21 months by self-paying 100% of the cost of
10 coverage; this is considered COBRA continuation coverage. You also may
11 continue life insurance coverage for the duration of the approved leave of
12 absence by self-paying 100% of the cost of coverage.

13 **Family and Medical Leave Act of 1993**

14 If the required coverage for family and medical leaves of absence under the
15 Family and Medical Leave Act of 1993 is more generous than that already
16 described in this section, the Company provides any required additional
17 coverage under its group health plans.

18 **Uniformed Services Leave of Absence**

19 If you take a leave of absence for service in the U.S. uniformed services
20 (including the military, National Guard, and the Commissioned Corps of the
21 Public Health Service), you are covered under the Package until the end of
22 the month in which your leave began. If you remain on an approved leave
23 of absence, coverage under the Package continues until the end of the third
24 full calendar month of the leave as if you were an active employee on an
25 approved nonmedical leave of absence.

26 If uniformed service extends beyond 3 months, you will be enrolled for
27 COBRA coverage automatically as of the beginning of the fourth full
28 calendar month of your leave. You may continue COBRA coverage for an
29 additional 21 months while your uniformed services leave continues, in
30 accordance with your rights under the Uniformed Services Employment and
31 Reemployment Rights Act (USERRA).

32 During a temporary period after September 11, 2001, military leave of
33 absence can be extended for a total of 60 months, based on military orders.
34 Your life insurance, medical, and dental coverage continue during this
35 period. The cost of coverage during this 60-month period is the same as for
36 active employees.

37 Your COBRA continuation period runs concurrently with coverage during
38 USERRA leave.

1 If you return to active employment promptly after uniformed service,
2 according to USERRA, the Package is reinstated on the date you return to
3 the active payroll.

4 **Changes in Leave Types**

5 If your type of leave changes from a medical leave of absence to a
6 nonmedical leave of absence (or vice versa), your periods of leave will be
7 considered separate leaves of absence. However, if the type of your
8 nonmedical leave of absence changes (for example, from family leave to
9 personal leave), your maximum period of coverage in your new leave
10 category will be reduced by the number of days or months for which you
11 already received an extension of your active coverage.

12 **Successive Periods of Leaves of Absence**

13 Successive periods of leave are described below:

- 14 • 2 medical leaves of absence separated by less than 30 days of continuous
15 work are considered 1 leave of absence unless the second leave is due to
16 entirely unrelated conditions.
- 17 • 2 medical leaves of absence separated by 30 or more days of continuous
18 work are considered new and separate medical leaves of absence.

ATTACHMENT B

ATTACHMENT B
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1 **Eligibility**

2 You are eligible for the Retiree Medical Plan if you retire from the service
3 of the Company under the Company-sponsored retirement plan as follows:

- 4 • You are an active employee and meet the following requirements:
- 5 – You are age 55 or older with 10 or more years of vesting service under
6 a Company-sponsored retirement plan.
 - 7 – You are disabled, become eligible for disability benefits under the
8 Company-sponsored retirement plan, and are at least age 50 with 10 or
9 more years of vesting service at retirement.
 - 10 – You are on an approved leave of absence, you are age 55 or older with
11 10 or more years of vesting service at retirement, and you retire under
12 the Company-sponsored retirement plan within 2 years following the
13 start of your approved leave of absence.
 - 14 – You are on layoff, you are at least age 55 with 10 or more years of
15 vesting service at retirement, and you retire under the Company-
16 sponsored retirement plan within 6 years following your layoff.

17 You are no longer eligible for coverage under the Retiree Medical Plan after
18 attaining age 65 or becoming eligible for Medicare.

19 **Eligible Dependents of Retired Employees**

20 Dependents eligible for the Retiree Medical Plan are your legal spouse (as
21 recognized under both applicable state law and the Internal Revenue Code)
22 and children (natural children, adopted children, children legally placed
23 with you for adoption, and stepchildren) who are under age 25, unmarried,
24 and dependent on you for principal support.

25 You may request coverage for the following dependents:

- 26 • An opposite-gender common-law spouse if the relationship meets the
27 common-law requirements for the state where you entered into the
28 common-law relationship.
- 29 • Other children, as follows, who are under age 25, unmarried, and
30 dependent on you for principal support:
 - 31 – Children who are related to you either directly or through marriage
32 (e.g., grandchildren, nieces, nephews).
 - 33 – Children for whom you have legal custody or guardianship (or for
34 whom you have a pending application for legal custody or
35 guardianship) and are living with you.

36 Proof of dependent eligibility will be required. Some states have laws
37 requiring insured health plans to offer coverage for certain registered
38 domestic partners.

1 In accordance with Federal law, the Company also provides medical
2 coverage to certain dependent children (called alternate recipients) if the
3 Company is directed to do so by a qualified medical child support order
4 (QMCSO) issued by a court or state agency of competent jurisdiction.

5 Documentation is required to request coverage for dependents, including a
6 child named in a QMCSO, a child for whom you have been given legal
7 custody or guardianship, or a spouse. You must provide the Boeing Service
8 Center with any required supporting documentation by the date specified by
9 the Boeing Service Center or your request will be denied.

10 **Special Provisions**

11 • Your dependents.

12 If you or any of your dependents is covered or becomes covered (or
13 eligible for benefits by reason of having been covered) under another
14 Company-sponsored plan providing medical benefits, that person is not
15 eligible for the Retiree Medical Plan. If you and your spouse are both
16 employed by or retired from Boeing, you each must be covered by your
17 own Boeing-sponsored medical coverage. However, if your spouse is a
18 part-time Boeing employee or on an approved leave of absence or layoff,
19 your spouse and eligible children are considered eligible dependents if
20 other Boeing coverage is waived. If your spouse and eligible children are
21 covered under your spouse's Boeing-sponsored plan, they will be
22 considered eligible for the Retiree Medical Plan at the time they no
23 longer are eligible for coverage under your spouse's plan.

24 No person may be covered both as a retired employee and as a dependent
25 and no person will be considered as a dependent of more than 1 retired or
26 active employee.

27 • Your death.

28 Upon your death, your spouse and any other covered dependents remain
29 eligible for coverage under the Retiree Medical Plan until the earliest of
30 these dates:

31 – Your spouse or other dependent attains 65 years of age.

32 – Your spouse or other dependent becomes eligible for Medicare.

33 – Your spouse's death.

34 – The end of the last month that contributions are paid.

35 Surviving covered dependents under age 65 may continue their coverage
36 as described above, or as described in the Termination of Retiree Medical
37 Coverage section, or convert their medical coverage as described in that
38 section.

1 **Disabled Children**

2 A disabled child age 25 or older continues to be eligible if a physician
3 provides proof that he or she is incapable of self-support due to any mental
4 or physical condition that began before age 25. You may be required to
5 confirm the disability from time to time. The child must be unmarried and
6 dependent on you for principal support. Coverage continues under the
7 Retiree Medical Plan for the duration of the incapacity as long as you
8 continue to be enrolled in the plan and the child continues to meet these
9 eligibility requirements.

10 Special applications for coverage are required for disabled dependent
11 children age 25 or older.

12 **Retiree Medical Plan Enrollment**

13 **Initial Enrollment**

14 You and your eligible dependents automatically will be enrolled at the time
15 you become eligible, provided you pay any required contributions. You and
16 your dependents will be enrolled in the same plan as immediately before
17 retirement, if available.

18 You may elect to change medical plans by calling the Boeing Service
19 Center within 31 days of the date you retire. The Company will supply
20 enrollment instructions at the time of your retirement.

21 All family members, including you, must be enrolled in the same medical
22 plan.

23 **Spouse Coverage**

24 Each retired employee enrolling a spouse must provide information
25 regarding coverage available through another employer to determine
26 whether special contributions are required to enroll the spouse. If you do not
27 authorize a required contribution, your spouse will not be enrolled for
28 medical coverage. You will not be able to enroll your spouse until the date
29 your spouse loses the option to be covered under the other employer-
30 sponsored medical plan.

31 The Company will require periodic verification of data.

32 **Special Enrollment Events**

33 If you declined coverage in the retiree medical plan for yourself and/or your
34 eligible dependents when you were first eligible because you or your
35 dependents had other employer-sponsored medical coverage, you may
36 enroll yourself and/or your eligible dependents if you or your dependent
37 experiences one of these special enrollment events:

- 38 • You or your dependent loses or becomes ineligible for other employer-
39 sponsored medical coverage because of an event such as loss of

1 dependent status under another employer's plan (through divorce, legal
2 separation, or dependent child reaching the limiting age), death,
3 termination of employment, reduction in hours of employment,
4 termination of employer contributions toward the coverage, elimination
5 of coverage for the class of similarly situated employees or dependents,
6 moving out of the plan's service area with no other coverage available
7 from the other employer, or reaching the lifetime limit on all benefits
8 under the other employer's plan.

9 • If you or your dependent reaches the lifetime limit under a Company
10 plan, and you are eligible for another Company plan in your area, you
11 and your dependents may enroll in that other plan.

12 • You or your dependent exhausts any continuation coverage from another
13 employer; that is, coverage provided under the Consolidated Omnibus
14 Budget Reconciliation Act of 1985, as amended (COBRA), ends.

15 • You gain a new dependent because of marriage, birth, adoption, or
16 placement for adoption.

17 If you experience a special enrollment event, you can enroll yourself and/or
18 your eligible dependents in a retiree medical plan as described above. You
19 can enroll in any family status tier and any health plan option available to
20 you.

21 Special enrollment is not available if you lose coverage because of failure to
22 make timely premium payments or termination from the plan for cause
23 (such as for making a fraudulent claim).

24 **Deferred Enrollment**

25 If you decline enrollment in the Retiree Medical Plan because of other
26 employer-sponsored health care coverage (such as through your spouse's
27 employer), you may be able to enroll yourself and your eligible dependents
28 in the Company-sponsored Retiree Medical Plan at a later date as long as
29 enrollment is within 60 days after other coverage ends.

30 If you decline dependent enrollment when first eligible and your
31 dependent's other health care coverage was through continuation coverage
32 from a previous employer (coverage mandated by the Consolidated
33 Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended), your
34 dependent must exhaust his or her COBRA coverage to be eligible for
35 deferred enrollment.

36 If you are *not* enrolled in the Company-sponsored Retiree Medical Plan and
37 have a new dependent as a result of an event such as marriage, birth,
38 adoption, or placement for adoption, you may enroll yourself, your spouse,
39 and any dependent children during the year as long as enrollment is
40 requested within 60 days after the event by contacting the Boeing Service
41 Center.

1 If you *are* enrolled in the Retiree Medical Plan and have a new dependent
2 as a result of marriage, birth, adoption, or placement for adoption, you may
3 enroll your new dependent during the year as long as enrollment is
4 requested within 120 days after the qualified event. See “Changes in Status”
5 below for more information.

6 If you *are* enrolled in the Retiree Medical Plan and have not enrolled your
7 eligible dependents because of other employer-sponsored health care
8 coverage, you may be able to enroll your eligible dependents in the
9 Company-sponsored Retiree Medical Plan at a later date as long as
10 enrollment is within 60 days after other coverage ends. The coverage loss
11 must be due to loss of eligibility for the health care coverage (including
12 from divorce, legal separation, death, termination of employment, or
13 reduction in hours of employment), termination of employer contributions
14 toward such coverage, or reaching the other plan’s lifetime maximum
15 benefit.

16 **Transfer Between Plans**

17 Transfer between plans is permitted only during authorized annual
18 enrollment periods or following a change of residence.

- 19 • Annual enrollment period.

20 The Company establishes an annual enrollment period on or before
21 January 1 each year when you may change medical plans.

- 22 • Change of residence.

23 If you move out of a coordinated care plan or HMO service area, you
24 have 60 days to select a medical plan available in the new location by
25 calling the Boeing Service Center. It is your responsibility to notify the
26 Company of the change in residence within the 60-day period.

27 **Status Changes**

28 If you already are enrolled for this retiree medical coverage, you may be
29 able to change coverage or add an eligible dependent if you experience one
30 of the status changes described below. Any change to your coverage must
31 be consistent with the status change that affects your or your dependent’s
32 eligibility for Company-sponsored health care coverage or health care
33 coverage sponsored by your eligible dependent’s employer.

34 Status changes include the following:

- 35 • You marry, divorce, or become legally separated, or the marriage is
36 annulled.
- 37 • You acquire a new, eligible dependent child, such as by birth, adoption,
38 or placement for adoption.
- 39 • Your spouse or dependent child dies.

- 1 • You or your spouse or dependent child starts or stops working.
 - 2 • Your spouse or dependent child has any other change in employment
3 status that affects eligibility for coverage such as changing from full time
4 to part time (or part time to full time), salaried to hourly (or hourly to
5 salaried), strike or lockout, a transfer between a nonunion salaried
6 position and a union-represented position, or beginning or returning from
7 an unpaid leave of absence, including an approved leave of absence in
8 accordance with the Family and Medical Leave Act.
 - 9 • You or your spouse or dependent child experiences a significant increase
10 in the cost of employer-sponsored health care coverage or the employer-
11 sponsored health care coverage ends, including expiration of COBRA
12 coverage.
 - 13 • The Company adds a new benefit option or significantly improves an
14 existing benefit option.
 - 15 • You or your spouse or dependent child experiences a significant
16 curtailment or cessation of employer-sponsored medical coverage.
 - 17 • You or your spouse or dependent child becomes eligible or ineligible for
18 Medicare or Medicaid.
 - 19 • Your dependent child becomes eligible for, or no longer is eligible for,
20 health care coverage due to age limits, principal support status, or a
21 similar eligibility requirement.
 - 22 • You or your spouse or dependent child makes an enrollment change in his or
23 her employer-sponsored health care coverage, either because of a qualified
24 change in status or an annual enrollment.
 - 25 • You or your spouse or dependent child changes place of residence or work,
26 affecting access to care within the current plan or access to network
27 providers.
 - 28 • You are transferred to a different division, affecting eligibility for
29 benefits under Company-sponsored health care plans.
 - 30 • You or your spouse or dependent child loses coverage under a group
31 health plan sponsored by a governmental or educational institution.
- 32 You also may change an election to comply with a qualified medical child
33 support order (QMCSO) to provide or cancel coverage for a dependent
34 child resulting from a divorce, annulment, or change in legal custody.
- 35 If you are eligible to add new dependents, you must request the dependent
36 enrollment change within 60 days after the qualified event. You can enroll a
37 new dependent within 120 days following your marriage or your dependent
38 child's birth, adoption, or placement for adoption. Enrollment may be requested
39 by calling the Boeing Service Center. To request enrollment for a new

1 dependent more than 60 days but within 120 days after marriage, birth,
2 adoption, or placement for adoption, you must call the Boeing Service Center
3 and speak with a customer service representative. You must provide the Boeing
4 Service Center with any required supporting documentation by the date
5 specified by the Boeing Service Center or your request will be denied.

6 **Effective Date of Retiree Medical Coverage**

7 **Retired Employees**

8 If you are a newly retired employee, the plan becomes effective on the first
9 day of the second month following the month in which your active
10 employment ends, provided you pay any required contributions.

11 If you are eligible for retiree medical coverage at the time active
12 employment with the Company ends, you may defer enrollment in the
13 Retiree Medical Plan until the date your benefits begin under the Company-
14 sponsored retirement plan.

15 You are not eligible for retiree medical coverage after becoming eligible for
16 Medicare or attaining age 65.

17 **Dependents**

18 Current eligible dependents are covered for retiree medical benefits on the
19 same date your coverage is effective, provided proper application is made
20 and you pay any required contributions. Eligible dependents acquired after
21 your coverage is effective become covered on the date of marriage, date of
22 birth, or date the child is legally placed with you for adoption, if application
23 is made within 120 days of the event and you pay any required
24 contributions. For other newly eligible dependents, coverage is effective on
25 the date dependency is established, if application is made within 60 days
26 and you pay any required contributions.

27 **Medical Plans**

28 The Company-sponsored medical plan is the Traditional Medical Plan.
29 Where appropriate, Health Maintenance Organizations (HMOs) and
30 Coordinated Care Plans (CCPs) will be offered to retirees and their
31 dependents in addition to the Traditional Medical Plan. See your Summary
32 Plan Description or Certificate of Coverage for a description of medical
33 plan benefits.

1 **Summary of Traditional Medical Plan Benefits**

2 This summary applies to the Traditional Medical Plan.

3 This section shows general plan features; the Schedule of Benefits sections
4 show benefit amounts and other plan information.

5 Benefit and plan payment provisions are based on a benefit year, January 1
6 through December 31.

7 Covered medical expenses for the Traditional Medical Plan are described in
8 the Summary of Traditional Medical Plan Benefits section of Attachment A.
9 Highlights of specific benefit amounts are described in the Traditional
10 Medical Plan Schedule of Benefits in Attachment A.

11 Vision care program benefits do not apply to the Traditional Medical Plan.

12 Prescription drug benefits are as shown below.

13 **Prescription Drug Program**

14 The prescription drug program described in this section is available to
15 retired employees and dependents enrolled in the Traditional Medical Plan.

16 This program offers 2 coverage options for prescription drugs and
17 medicines:

- 18 • Retail pharmacy card program—you can use the pharmacy card to obtain
19 covered prescriptions from a participating retail pharmacy.
- 20 • Mail service program—called Medco By Mail.

21 A formulary applies to all retail pharmacy and mail order purchases. (A
22 formulary is a list of drugs determined to be effective in both cost and
23 treatment and approved by the Food and Drug Administration (FDA). A
24 nonformulary drug also may be effective for treatment, but is not as cost-
25 effective as formulary or generic drugs. A group of practicing physicians
26 and pharmacists routinely reviews drugs to include in the formulary. If
27 clinical data show several drugs are equally effective, the most cost-
28 effective drug usually is chosen. The formulary may change from time
29 to time.)

30 There are 3 categories of prescription drug purchases:

- 31 • **Generic**—drugs that are chemically and therapeutically equivalent to
32 their brand-name counterparts but usually cost less.
- 33 • **Brand-name formulary**—brand-name drugs selected for the formulary
34 based on cost and effectiveness.
- 35 • **Brand-name nonformulary**—brand-name drugs not selected for the
36 formulary.

1 The program includes utilization management services (see “Pharmacy
 2 Management” on page 221) to help ensure cost-effective, clinically
 3 appropriate treatment.

4 **Prescription Drug Program Schedule of Benefits**

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Medco Health Solutions, Inc. (the service representative).			
	Generic	Brand-Name Formulary	Brand-Name Nonformulary
Retail Pharmacy (up to a 34-day supply)	90%	80%	70%
Mail Service Program (Medco By Mail; up to a 90-day supply)	\$10 copayment	\$30 copayment	\$60 copayment
<p>Under the Retiree Medical Plan, a \$75 annual deductible applies to each individual for prescription drugs purchased under the retail pharmacy card program. For families of 3 or more, the annual deductible maximum is \$225. This deductible is separate from the Traditional Medical Plan annual deductible described in the Schedule of Benefits.</p> <p>A covered person’s out-of-pocket expense is limited to \$75 for each prescription or refill after the deductible is satisfied.</p> <p>Usual and customary charges are the charges the service representative allows for participating pharmacies.</p>			

5 **Retail Pharmacy Card Program**

6 This program covers medically necessary prescription drugs required by
 7 Federal or state law to be prescribed in writing by a physician or dentist and
 8 dispensed by a licensed pharmacist. Covered prescriptions include legend
 9 drugs, contraceptive medications, tobacco cessation drugs, self-
 10 administered injectable drugs, insulin, needles and syringes, test strips,
 11 lancets, and alcohol swabs.

12 Prior authorization may be required for certain medications.

13 The retail pharmacy card program covers up to a 34-day supply.

1 **Mail Service Program**

2 The Medco By Mail program covers medically necessary prescription drugs
3 and medicines required by Federal or state law to be prescribed in writing
4 by a physician or dentist and dispensed by a licensed pharmacist. Covered
5 prescriptions include legend drugs, contraceptive medications, tobacco
6 cessation drugs, self-administered injectable drugs, insulin, needles and
7 syringes, test strips, lancets, and alcohol swabs.

8 Prior authorization may be required for certain medications.

9 Medco By Mail covers up to a 90-day supply per prescription or refill.

10 Authorized refills are covered only after the initial order has been used.

11 Certain controlled substances are subject to quantity limits.

12 Unless the physician indicates otherwise, you will receive a generic
13 equivalent of the prescribed drug when available and permissible under the
14 law. You also may receive a different brand that is medically equivalent.

15 **Pharmacy Management**

16 Specific drugs are reviewed by the prescription drug program service
17 representative at the point of sale to determine if your prescription is
18 covered by the plan, clinically appropriate, and consistent with usage
19 guidelines.

20 **Prescription Drug Program Exclusions**

21 The following items are excluded under both the retail pharmacy card
22 program and the mail service program:

- 23 • Any prescription filled in excess of the number prescribed by the
24 physician or any refill after 1 year from the date of the prescription.
- 25 • Any prescription for which the person is eligible to receive benefits under
26 another employer's group benefit plan or a workers' compensation law or
27 from any municipal, state, or Federal program.
- 28 • Any service or supply otherwise excluded by the Traditional Medical
29 Plan.
- 30 • Appliances or devices, such as blood glucose monitors or other nondrug
31 items, including but not limited to therapeutic devices and artificial
32 appliances. This exclusion does not apply to needles or syringes or to test
33 strips, lancets, or alcohol swabs.
- 34 • Charges for the administration or injection of any drug.
- 35 • Delivery or handling charges.
- 36 • Drugs dispensed during an inpatient admission by a hospital, skilled
37 nursing facility, sanatorium, or other facility.
- 38 • Experimental drugs or drugs used for investigational purposes.

- 1 • Fertility agents, unless approved by the service representative.
- 2 • Immunizing agents or allergy serum.
- 3 • Infusion therapy drugs, except as described in the home health care
- 4 benefit.
- 5 • Medications to treat sexual dysfunction, unless the patient is being
- 6 treated for a diagnosed medical condition.
- 7 • Obesity drugs, unless approved by the service representative.
- 8 • Over-the-counter drugs.
- 9 • Prescriptions that are not medically necessary to treat an illness, injury,
- 10 or other covered condition, except as specifically provided by the
- 11 program.
- 12 • Replacement of lost or misplaced prescriptions.

13 **Coordination of Benefits—Retired Employees**

14 If you or your dependent has other health care coverage in addition to being
15 covered under this Plan, the following rules govern coordination of benefits
16 with the other coverage. Other coverage includes, whether insured or
17 uninsured, another employer’s group benefit plan, other arrangement of
18 individuals in a group, Medicare (to the extent allowed by law), individual
19 insurance or health coverage, and insurance that pays without consideration
20 of fault.

21 The service representative has the right to obtain and release any
22 information or recover any payment it considers necessary to administer
23 these provisions.

24 **Order of Payment**

25 The primary plan pays its benefits first and pays its benefits without regard
26 to benefits that may be payable under other plans. When another plan is the
27 primary plan for health care coverage, the secondary plan pays the
28 difference between the benefits paid by the primary plan and what would
29 have been paid had the secondary plan been primary.

- 30 • A plan is considered primary if
 - 31 – It has no order of benefit determination rules.
 - 32 – It has benefit determination rules that differ from coordination of
 - 33 benefit rules under state regulations or, if not insured, that differ from
 - 34 these rules.
 - 35 – All plans that cover an individual use the same coordination of benefit
 - 36 rules, and under those rules, the plan is primary.

- 1 • If the aforementioned rules do not determine which group plan is
2 considered primary, this plan applies the following coordination of
3 benefit rules:
- 4 – A plan that covers a person as an employee, retiree, member, or
5 subscriber pays before a plan that covers the person as a dependent.
 - 6 – A plan that covers a person as an active employee or dependent of an
7 active employee is primary. The plan that covers a person as a retired,
8 laid-off, or other inactive employee or as a dependent of a retired, laid-
9 off, or other inactive employee is secondary.
 - 10 – If a dependent child is covered under both parents' group plans, the
11 child's primary coverage is provided through the plan of the parent
12 whose birthday comes first in the calendar year, with secondary
13 coverage provided through the plan of the parent whose birthday
14 comes later in the calendar year.
 - 15 – If a dependent child's parents are divorced or separated and a court
16 decree establishes financial responsibility for the health care coverage
17 of the child, the plan of the parent with such financial responsibility is
18 the primary plan of coverage. If the divorce decree is silent on the
19 issue of coverage, the following guidelines are used:
 - 20 ○ The plan of the parent with custody pays benefits first.
 - 21 ○ The plan of the spouse of the parent with custody pays second.
 - 22 ○ The plan of the parent without custody pays third.
 - 23 ○ The plan of the spouse of the parent without custody pays fourth.
 - 24 – If none of the aforementioned rules establishes which group plan
25 should pay first, then the plan that has covered the person for the
26 longest period is considered the primary plan of coverage.
 - 27 – Continuation coverage under the Consolidated Omnibus Budget
28 Reconciliation Act of 1985 (COBRA), as amended, always is
29 secondary to other coverage, except as required by law.
 - 30 – If the retired employee or dependent is confined to a hospital when
31 first becoming covered under this plan, this plan is secondary to any
32 plan already covering the retired employee or dependent for the
33 eligible expenses related to that hospital admission. If the retired
34 employee or dependent does not have other coverage for hospital and
35 related expenses, this plan is primary.
- 36 Benefits under a Company-sponsored health care plan are not
37 coordinated with benefits paid under any other group plan offered by the
38 Company. You can receive benefits from only 1 Company-sponsored
39 health care plan.

1 Federal rules govern coordination of benefits with Medicare. In most
2 cases, Medicare is secondary to a plan that covers a person as an active
3 employee or dependent of an active employee. Medicare is primary in
4 most other circumstances.

5 **Payment Provisions**

6 The primary plan pays benefits without regard to any other plan. When the
7 Company-sponsored plan is secondary, it adjusts benefits so that the total
8 payable under both plans for expenses covered under the Company-
9 sponsored plan is not more than would be payable under the Company-
10 sponsored plan. Neither plan pays more than it would without coordination
11 of benefits.

12 Plan means any plan providing medical, dental, vision care, hearing aid
13 benefits, or treatment under individual insurance, group insurance, or any
14 other coverage for individuals in a group, whether on an insured or
15 uninsured basis.

16 Treatment of end-stage renal disease is covered by the Company-sponsored
17 plan for the first 30 months following Medicare entitlement due to end-
18 stage renal disease, and Medicare provides secondary coverage. After this
19 30-month period, you will be covered by Medicare only.

20 Coordination of benefit provisions of Company-sponsored HMO plans vary
21 by plan.

22 **When an Injury or Illness Is Caused by the** 23 **Negligence of Another**

24 In some situations, you or a covered dependent may be eligible to receive,
25 as a result of an accident or illness, health care benefits from an automobile
26 insurance policy, homeowner's insurance policy or other type of insurance
27 policy, or from a responsible third party. In these cases, this plan will pay
28 benefits if the covered person agrees to cooperate with the service
29 representative in administering the plan's recovery rights.

30 If a person covered by this plan is injured by another party who is legally
31 liable for the medical or dental bills, he or she may request this plan to pay
32 its regular benefit on his or her behalf. In exchange, the covered person
33 agrees to:

- 34 • Notify the plan within 30 days of giving notice to any party, including an
35 insurance company or attorney, of the covered person's intention to
36 pursue a claim.
- 37 • Complete a claim and submit all bills related to the injury or illness to the
38 responsible party or any insurer.

- 1 • Complete and submit all of the necessary information requested by the
2 service representative.
- 3 • Reimburse the plan from any payment he or she receives from the
4 responsible party or any other source.
- 5 • Allow the plan to be subrogated to all rights of recovery a covered person
6 has against the responsible party or any other source and to cooperate
7 with the service representative's efforts to recover from the responsible
8 party or any other source any amounts this plan pays in benefits related to
9 the injury or illness, including any lawsuit brought against the
10 responsible party or insurer.
- 11 • Grant the plan a lien in the amount of benefits paid which can be
12 enforced against any source of funds available to compensate the covered
13 person for injury or illness caused by another party.

14 This provision applies whenever you or a covered dependent is entitled to
15 or receives benefits under this plan and is also entitled to or receives
16 compensation or any other funds from another party in connection with that
17 same medical condition, whether by insurance, litigation, settlement, or
18 otherwise. The plan is entitled to such funds to the extent of plan benefits
19 paid to or on behalf of the individual as a first-priority right, whether or not
20 the individual has been "made whole," and without regard to any common
21 fund doctrine. The plan is entitled to such funds regardless of whether the
22 plan's benefits are identified as being included in the funds and regardless
23 of whether liability for payment of the funds is admitted by the responsible
24 party or any other source of the funds. This plan may recover such funds by
25 constructive trust, equitable lien, right of subrogation, reimbursement, or
26 any other remedy allowed under applicable law.

27 The covered person shall do nothing to prejudice the plan's subrogation or
28 recovery interest, including, but not limited to, refraining from making any
29 settlement or recovery that attempts to reduce or exclude the full cost of all
30 benefits provided by the plan. If an individual fails, refuses, or neglects to
31 reimburse the plan or otherwise comply with the requirements of this
32 provision, or if payments are made under the plan based on fraudulent
33 information or otherwise in excess of the amount necessary to satisfy the
34 provisions of the plan, then, in addition to all other remedies and rights of
35 recovery that the plan may have, the plan has the right to terminate or
36 suspend benefit payments and/or recover the reimbursement due to the plan
37 by withholding, offsetting, and recovering such amount out of any future
38 plan benefits or amounts otherwise due from the plan to or with respect to
39 such individual. The plan also has the right in any proceeding at law or
40 equity to assert a constructive trust, equitable lien, or any other remedy or
41 recovery allowed under applicable law, against any and all persons or
42 entities who have assets that the plan can claim rights to. The plan has a

1 first-priority right of recovery from any judgment, settlement or other
2 payment, regardless of whether the individual has been “made whole,” and
3 without regard to any common fund doctrine.

4 In the event that any claim is made that any part of this subrogation and
5 recovery provision is ambiguous or questions arise concerning the meaning
6 or intent of any of its terms, the plan or service representative shall have the
7 sole authority and discretion to resolve all disputes regarding the
8 interpretation of this provision.

9 **Termination of Retiree Medical Coverage**

10 **Retiree Coverage**

11 Your medical coverage stops on whichever of the following dates occurs
12 first:

- 13 • You attain 65 years of age.
- 14 • You become eligible for Medicare.
- 15 • The end of the last month that any required contributions are paid.

16 Your covered dependents can continue their coverage until they reach their
17 termination date as described below.

18 **Dependent Coverage**

19 Coverage for your eligible dependents terminates on whichever of the
20 following dates occurs first:

- 21 • Your dependent no longer qualifies as an eligible dependent.
- 22 • Your dependent attains 65 years of age.
- 23 • Your dependent becomes eligible for Medicare.
- 24 • The death of your surviving spouse.
- 25 • The end of the last month that any required contributions are paid.

26 Your surviving covered dependents under the age of 65 may be permitted to
27 convert their medical coverage as described below in “Conversion
28 Privilege.”

29 **Continuation of Medical Coverage (COBRA)**

30 If medical coverage for your dependents otherwise would terminate due to
31 one of the following reasons, these benefits may continue for specified
32 periods under Public Law 99-272, Title X, as amended, if the individual
33 makes a timely request to the Company and pays the required contribution.

- 34 • Your death.
- 35 • Your divorce.

- 1 • You become entitled to Medicare.
- 2 • Your dependent child ceases to be a dependent as defined under this plan.
- 3 (A child eligible to be continued under the plan's disabled child
- 4 provision will still be considered to have dependent status.)

5 **Conversion Privilege**

6 If medical coverage terminates for reasons other than voluntary cancellation
7 of coverage or by becoming eligible for another Company-sponsored plan,
8 you or your dependent may apply for an individual policy of insurance of a
9 kind then being issued by the service representative for group conversion
10 purposes. Evidence of good health will not be required, provided written
11 application is made and the first retiree medical premium is paid within
12 31 days following the end of the month in which medical coverage
13 terminates. The policy will be issued at the service representative's
14 customary rate applicable to the age of the individual and to the form and
15 amount of insurance provided under the converted policy.

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