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COLLECTIVE BARGAINING AGREEMENT

of September 2, 1999 2002

Between

THE BOEING COMPANY

and

INTERNATIONAL ASSOCIATION OF MACHINISTS

AND AEROSPACE WORKERS, AFL-CIO

and

CERTAIN DISTRICT LODGES THEREOF

Duration 9/2/02 - 9/1/05

THIS AGREEMENT, dated as of the 2nd day of September, 1999 2002, by and between The Boeing Company, a Delaware corporation (the term "the Company" being hereinafter deemed in each instance to refer to such corporation), and the International Association of Machinists and Aerospace Workers, AFL-CIO, and those of its lodges now and hereafter representing employees of the Company in the units described in Article 1 (the term "the Union" being hereinafter deemed in each instance to refer to the International Association of Machinists and Aerospace Workers, AFL-CIO, and to each such district or local lodge in reference respectively to the collective bargaining unit with which it is identified and the employees therein);

WITNESSETH that

WHEREAS, the parties have negotiated the terms and conditions of a collective bargaining agreement (hereinafter referred to as the "Agreement"), relating to employees of the Company represented by the Union and more particularly described in this Agreement and to the wages, hours and other terms and conditions of employment of such employees, and the parties desire to reduce the Agreement to writing; and whereas the terms "Primary Location" and "Remote Location," as used in this Agreement and the appendices hereto respectively shall have the following meanings: "Primary Location" shall refer to a major base of Company operations designated by the Company as a Primary Location such as "Seattle-Renton," "Wichita" or "Portland." "Remote Location" shall refer to a Company operation located in an area away from a Primary Location and designated by the Company as a Remote Location of a particular Primary Location, such as Spokane, Vandenberg Air Force Base, Plant 77 (Ogden, Utah), etc.

9/18/02

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

ARTICLE 1 UNION REPRESENTATION

Section 1.1 Units Covered.

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

1.1(a) Seattle-Renton Unit.

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

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

units identified in this Article 1 and to work assignments of unrepresented individuals, shall be resolved in accordance with the following rules and procedures:

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

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

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

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

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

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

ARTICLE 2 RIGHTS OF MANAGEMENT

Section 2.1 Management of Company.

The management of the Company and the direction of the work force is vested exclusively in the Company subject to the terms of this Agreement. All matters not specifically and expressly covered or treated by the language of this Agreement may be administered for its duration by the Company in accordance with such policy or procedure as the Company from time to time may determine.

ARTICLE 3 UNION SECURITY

Section 3.1 Union Membership.

Subject to 3.3 below, all employees within the bargaining unit defined in Section 1.1(a) (hereinafter referred to as the Seattle-Renton Unit) or within the bargaining unit defined in Section 1.1(c) (hereinafter referred to as the Portland Unit) shall become members of the Union within 31 days following the beginning of such employment in the Seattle-Renton Unit or the Portland Unit, or within 31 days following the execution of this Agreement, whichever is later, and shall thereafter maintain their membership in good standing in the Union during the life of this Agreement, as a condition of continued employment.

Section 3.2 Maintenance of Membership.

Subject to 3.3 below, employees of the Company who are within the Seattle-Renton Unit or the Portland Unit and who are or become members of the Union on or after the effective date of this Agreement shall, as a condition of employment, thereafter maintain their membership in good standing in the Union during the life of this Agreement.

Section 3.3 Satisfaction of Obligation.

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

Section 3.4 Failure to Satisfy Obligations.

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

Section 3.5 Explanation to Employees.

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

Section 3.6 Remote Locations.

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

Section 3.7 Right to Work States.

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

Section 3.8 Payroll Deduction for Union Dues and Initiation Fee.

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

Section 3.9 Contributions to Machinists' Nonpartisan Political League.

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

Section 3.10 Contributions to Guide Dogs of America.

Upon receipt by the Company of a signed voluntary authorization by an employee, on a form approved by the Company, requesting that there be deductions made from his

wages, in a monthly amount designated by the employee, such deductions to be forwarded to the Union for use by Guide Dogs of America, the Company will thereafter make such deductions and forward them to Guide Dogs of America, care of the Union. Such authorization will remain in effect for the duration of this Agreement, unless earlier canceled in writing by the employee.

Section 3.11 Indemnity.

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

**ARTICLE 4
UNION REPRESENTATIVES AND UNION ACTIVITY**

Section 4.1 Union to Furnish List of Representatives.

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

Section 4.2 Bulletin Boards.

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

Section 4.3 Business Representatives - Access to Plants.

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

Section 4.4 Grand Lodge Representatives - Access to Plants.

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

Section 4.5 Conditions Relating to Access to Plants.

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

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

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

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

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

Section 4.6 Union Activity During Working Hours.

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

Section 4.7 Stewards.

The provisions and rules regarding stewards shall be as follows:

4.7(a) The Union may designate one (1) employee as a steward for each one hundred (100) employees, or fraction thereof, for each shift in each shop. In instances where a shop has a unit geographically separated from its main location, the Union may also designate a steward for each such separate unit for each shift provided that such unit consists of a minimum of four (4) employees, is not adjacent to the shop's main location and is not established on a temporary short-term basis; notwithstanding 4.7(d), when such unit drops below four (4) employees, no employee in such unit shall have steward status. If a geographically separated unit of a shop does not have a separate steward, arrangements will be made to permit employees in such unit to contact a steward upon request. In the absence of the regular steward for any reason, the Union may designate a temporary steward to act for the regular steward. Such designation shall be in writing. (For the purpose of this Section 4.7, a shop shall be defined as any organization, geographically separated unit, or grouping of employees which the parties establish in advance by mutual agreement. The definition of "organization" as set forth in 22.1(n) of this Agreement shall be applicable to that term as used in Section 4.7.)

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

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

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

4.7(e) Stewards will be promoted and recalled from layoff on the same basis as provided in Article 22 for other employees, except that in the event a shift in a shop is deactivated and is reactivated by the Company within 120 calendar days after such deactivation, the former steward will be offered an opportunity to return to that shop and shift provided the Company determines to utilize the steward's former job title or a lower grade in the same

job family in such shop and on such shift within such 120-day period, and further provided that the former steward has not been replaced as steward by the Union in the interim.

4.7(f) A steward will retain his steward status while on approved medical leave of absence for a maximum of 180 calendar days, provided that he has not been replaced as steward by the Union prior to expiration of such leave.

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

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

Section 4.9 Departure from Work for Union Business.

Except as provided in Section 4.8 above, each steward, local lodge officer or district council delegate shall have authorization from the Union, give his supervisor at least 24-hour advance notice if possible and clock out prior to departure from his work assignment to conduct Union business. If the work assignment given the steward, local lodge officer or district council delegate seriously interferes with the performance of his duties for the Union, or if Union business seriously interferes with his work assignment, the Company and the Union agree to cooperate in making arrangements to prevent such interference in the future. However, stewards, local lodge officers and district council delegates shall not be penalized for such Union business; provided, that nonpayment by the Company for time spent on Union business shall not be considered as a penalty. This Section 4.9 shall apply to cases of stewards who are designated to act for business representatives in accordance with Section 19.13 for the temporary period the steward is authorized as a designee.

Section 4.10 Security Clearances.

If governmental regulations require special clearance to obtain access to certain areas where employees are assigned who are within a bargaining unit defined in Article 1, the Company will cooperate with the Union to obtain necessary clearance for two (2) representatives designated by the Union: one (1) for the Seattle-Renton and Portland

Units, and one for the Wichita Unit. If this number is not adequate in view of the workload, the Company and the Union will discuss the possibility of attempting to obtain clearance for additional representatives.

ARTICLE 5 WORKWEEK, HOURS OF WORK, SHIFTS

Section 5.1 Workweek.

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

Section 5.2 Short Workweek.

In the event the Company deems it advisable to work any number of the employees on a short workweek, the Union and the affected employees will be notified in advance which days are to be worked, and such days worked shall be consecutive. An employee's options in regard to the use of vacation credit in such situation are set forth in Section 8.4(i).

Section 5.3 Shifts; Lunch Periods; Rest Periods.

Each employee shall be assigned to a definite shift with designated times of beginning and ending. The first and second shifts each shall be an eight-hour-and-thirty-minute period which shall include a thirty-minute unpaid lunch period. The third shift shall be a seven-hour period which shall include a thirty-minute unpaid lunch period. The

designated times of beginning each shift during the scheduled workweek (the period covered by Section 6.10(c)) shall be: first shift - between 5:00 A.M. and 8:30 A.M.; second shift - between 1:30 P.M. and 6:00 P.M.; third shift - between 10:00 P.M. and 1:30 A.M. of the following day. Each employee shall be given a ten-minute rest period in each half of the shift to which he is assigned, the time of starting each such rest period to be designated by the Company. Each employee who is required to report for work two or more hours prior to the start of his regular shift shall receive a ten-minute rest period prior to the start of his regular shift. Each employee who is scheduled to work two or more hours of overtime after his regular shift shall receive a ten-minute rest period prior to the start of the overtime. Changes of shift assignments shall be made on the first day of a new workweek whenever practicable.

Section 5.4 Shift Preference

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

5.4(a) As stated, shift preferences as defined will not apply in instances where the exercise of such rights would affect the efficiency of Company operations in any organization on any shift. When such instances arise, it shall be the responsibility of organizational management to prepare an exception request for transmittal to Company Offices. Exception requests shall be discussed with the union prior to submittal to the Vice President of Employee and Union Relations for final approval.

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

5.4(a)(2) When senior employees are displaced from their shift of preference during a staffing exercise, the displaced employee shall be given, in writing, a date of return to the preferred shift he was on.

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

ARTICLE 6 RATES OF PAY

Section 6.1 Definitions.

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

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

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

Section 6.2 Base Rates.

6.2(a) Base Rate Ranges. The following base rate ranges will be effective September ~~26, 1999~~ 2002:

<u>LABOR GRADE</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>
11	\$19.72	\$28.28 <u>31.29</u>
10	\$18.72	\$27.39 <u>30.33</u>
9	\$17.72	\$26.59 <u>29.48</u>
8	\$16.72	\$25.72 <u>28.55</u>
7	\$15.72	\$24.85 <u>27.61</u>
6	\$14.72	\$24.00 <u>26.71</u>
5	\$13.72	\$23.14 <u>25.78</u>

4	\$12.72	\$22.34 <u>24.89</u>
3	\$11.72	\$21.46 <u>23.99</u>
2	\$10.72	\$20.59 <u>23.05</u>
1	\$ 9.72	\$19.76 <u>22.16</u>

Base rate maximums will be increased in accordance with Section 6.3(b).

6.2(b) Employees on the Active Payroll on September 1, 1999 2002. Effective September 2, 1999, the base rates for employees who on September 1, ~~1999~~ 2002, were on the active payroll shall be increased by folding into the base rates the ~~twenty-two (22)~~ three (3) cents of Cost of Living Adjustment being paid September 1, ~~1999~~ 2002.

6.2(c) New Hires. All employees who enter the bargaining unit on or after September 2, ~~1999~~ 2002, with a seniority date of September 2, ~~1999~~ 2002, or later (and those employees whose seniority is reinstated under Section 14.4), will be paid a base rate within the base rate range established by 6.2(a) for their labor grade.

6.2(d) Recalls from Layoff. Effective September 2, ~~1999~~ 2002, an employee who is recalled from layoff through the exercise of Category A rights, will have the following base rate:

6.2(d)(1) If the employee is recalled to the same labor grade from which he was laid off, he will be paid the base rate and the cost of living adjustment in effect on the date of his layoff, provided that, if cost of living adjustment has been added to base rates and made a part thereof since the employee's layoff, the cost of living adjustment in effect on the date of the employee's layoff shall be similarly added to his base rate.

6.2(d)(2) If the employee is recalled to either a higher or lower labor grade than the one from which he was laid off, his base rate will be determined first by treating him as though he had been recalled to the same labor grade under Section 6.2(d)(1) and then reclassified under Section 6.3(c).

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

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

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

Section 6.3 Base Rate Changes.

6.3(a) Seniority Progression Increases. On the first Friday after their six month anniversary of the date of hire or date of the last seniority progression increase, employees below the rate range maximum for their labor grade shall, subject to such maximum, receive a seniority progression increase to their base rate of fifty (50) cents. Employees shall automatically progress to the base rate range maximum upon their twelfth (12th) seniority progression increase. Employees on approved leave of absence will continue to accrue time toward their next six month progression increase for the first ninety days of the leave. Employees recalled from layoff within one year will be credited with any time they had prior to their layoff toward their next six month progression increase.

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

6.3(b)(1) Effective ~~September 2, 1999~~ September 5, 2003, all employees on the active payroll on ~~September 1, 1999~~ September 4, 2003, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.2(b) and then by application of a ~~four (4) percent~~ two (2) percent general wage increase.

6.3(b)(2) Effective ~~September 2, 2000~~ September 3, 2004, all employees on the active payroll on ~~September 1, 2000~~ September 2, 2004, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased by application of Section 6.4 (c) and then by application of a ~~four (4) percent~~ two and one half (2.5) percent general wage increase.

6.3(b)(3) Effective September 2, 2001, all employees on the active payroll on September 1, 2001, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased by application of Section 6.4(e) and then by application of a three (3) percent general wage increase.

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

6.3(c) Base Rates After Reclassifications. Subject to the base rate ranges provided for in Section 6.2(a), employees who are promoted will have their base rate increased by fifty-six (56) cents for each labor grade they are promoted and employees who are downgraded will have their base rate decreased by fifty-six (56) cents for each labor grade they are downgraded.

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

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

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

1.1(d) Additional Primary Locations. All other production and maintenance employees of the Company of the type referred to in 1.1(a)(1) (subject to exclusions of the type stated or referred to in 1.1(a)(1)) whose employment is identified with any Primary Location hereafter designated as such by the Company.

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

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

Section 1.3 Union Jurisdictional Claims - Settlement Of.

Controversies between the Company and the Union, arising out of Union jurisdictional claims as to the employees properly to be included in one of the collective bargaining

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

1.1(a)(4) All employees of the Company in the Seattle- Renton Unit as described in subparagraphs 1.1(a)(1), 1.1(a)(2) and 1.1(a)(3) who are outside the State of Washington but who are at Remote Locations identified with the Seattle-Renton Primary Location.

Such unit is primarily identified with the Primary Location known as Seattle-Renton and with Aerospace Industrial District Lodge No. 751, IAM & AW, AFL-CIO.

1.1(b) Wichita Unit.

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

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

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

1.1(c) Portland Unit.

6.3(d) Rate Retention. The base rate of an employee who, under Article 22, accepts downgrade rather than electing layoff shall be, for the ninety (90) calendar day period after the downgrade, a rate that is not less than the rate he held immediately preceding the downgrade. However, this provision shall not apply to any period of employment within a bargaining unit covered by this Agreement after termination, layoff, employee requested downgrade or transfer to a unit or group to which this Agreement does not apply within the ninety (90) day period with the following exception: if such an individual is recalled from layoff to a job title to which he had been downgraded, and the recall occurs less than ninety (90) calendar days after such downgrade, he will receive rate retention prospectively for the portion of the ninety (90) calendar day period that remained at the time of layoff. If an employee receives a Temporary Promotion (as provided in 22.1(q)) to the job title from which he was most recently surplus and the employee is receiving rate retention pay as a result of such downgrade, the 90-calendar-day period will be extended one day for each day of such Temporary Promotion.

Section 6.4 Cost of Living Adjustment.

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

6.4(b) Determination of Cost of Living Adjustments.

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

6.4(b)(2) During the life of this Agreement, subject to the proviso stated below, a Cost of Living Adjustment shall be computed by using (1) ~~163.9~~ 175.9 (the three-month average of the BLS Index for May, June and July, ~~1999~~ 2002) as the base and (2) the formula 1 cent = .075 percent change in the appropriate three-month average of the BLS Index, as shown in the table below:

<u>Effective Date of Potential Adjustment</u>	<u>Based Upon the Average of the Three-Month BLS Consumer Price Indexes for</u>
December 2, 1999	August, September, October 1999
March 2, 2000	November, December 1999, January 2000
June 2, 2000	February, March, April 2000
September 2, 2000	May, June, July 2000
December 2, 2000	August, September, October 2000

March 2, 2001	November, December 2000, January 2001
June 2, 2001	February, March, April 2001
September 2, 2001	May, June, July 2001
December 2, 2001	August, September, October 2001
March 2, 2002	November, December 2001, January 2002
June 2, 2002	February, March, April 2002

Effective Date of Potential Adjustment

Based Upon the Average of the Three-Month BLS Consumer Price Indexes for

<u>December 6, 2002</u>	<u>August, September, October 2002</u>
<u>March 7, 2003</u>	<u>November, December 2002, January 2003</u>
<u>June 6, 2003</u>	<u>February, March, April 2003</u>
<u>September 5, 2003</u>	<u>May, June, July 2003</u>
<u>December 5, 2003</u>	<u>August, September, October 2003</u>
<u>March 5, 2004</u>	<u>November, December 2003, January 2004</u>
<u>June 4, 2004</u>	<u>February, March, April 2004</u>
<u>September 3,</u>	<u>May, June, July</u>
<u>December 3, 2004</u>	<u>August, September, October 2004</u>
<u>March 4, 2005</u>	<u>November, December 2004, January 2005</u>
<u>June 3, 2005</u>	<u>February, March, April 2005</u>

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

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

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

On ~~September 2, 2000~~ September 5, 2003, the Cost of Living Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof. On ~~September 2, 2004~~ September 3, 2004, the Cost of Living Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof.

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

Section 6.5 Shift Differentials, Non-regular Workweek Premium, Third Shift Bonus, and Swamp Pay.

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

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

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

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

6.5(e) Employees assigned at Vandenberg and classified in Labor Grade 7 or above on October 4, 1983 (and those who are recalled at Vandenberg, through the exercise of Category A rights, to Labor Grade 7 or above, provided they received the premium under a previous agreement) shall receive a premium of 54-1/2 cents an hour as a part of base pay in addition to the rate otherwise appropriate for the labor grade of such jobs. In no event will any employee paid such premium receive per diem payments in addition to such premium rate.

Section 6.6 Jury Duty, Witness Duty, Military Leave, Bereavement Leave.

6.6(a) An employee absent from work due to (1) required jury duty (including grand jury duty), (2) to testify as a witness for the Company, (3) to respond to a subpoena to appear as a witness in any legal proceeding, (4) to appear at an arbitration resulting from the

referral, by a court, for a lawsuit that has been filed with the court (excluding arbitration pursuant to a collective bargaining agreement or other contractual provisions) or (5) to respond to a subpoena to appear for a deposition will be paid for such lost hours at his current straight time rate, including any applicable Cost of Living Adjustment, up to a maximum of eight (8) hours per day, for each regular work day of required jury or witness duty. ~~the government body that summoned the employee for jury duty pays the employee. Employees will be paid eight (8) hours jury duty pay and will be excused from their scheduled shift for each day if they serve, more than four (4) hours on the day so assigned as a juror. All other employees must report to work provided there are more than four (4) hours available on their shift either prior to their scheduled report time for jury duty or after their release from jury duty (two (2) hours of this time may be considered as travel/preparation time). If substantial time is remaining in the work schedule after release from jury duty or witness service, allowing for meal and travel time, employees should return to work. Second and third shift employees summoned to jury or witness duty will be temporarily assigned to first shift on a weekly basis during the time required to serve. Fees received for jury or witness duty will not be deducted from such pay. The employee will furnish to the Company evidence satisfactory to the Company showing the performance of jury duty that meets the requirements of this 6.6(a). To be eligible for time off with pay, the employee must furnish a copy of this summons or subpoena to management, before the appearance, to indicate that the absence from work as necessary to appear for jury duty or serve as a witness. In addition, management may require verification of such appearance.~~

6.6(b) An employee absent from work in order to comply with a subpoena as a witness in a federal or state court of law, or in a hearing of a government body with subpoena power, or at an arbitration resulting from the referral by a court of a lawsuit which has been filed with the court (excluding arbitrations pursuant to a collective bargaining agreement or other contractual provisions), will be paid for such lost hours at his current straight time base rate, including shift differential and Cost of Living Adjustment where applicable, up to a maximum of eight (8) hours per day, for each regular workday for which he is paid a daily witness fee. Employees will be paid eight (8) hours witness duty pay and will be excused from their scheduled shift if they serve more than four (4) hours on the day so serving as a witness. All other employees must report to work provided there are more than four (4) hours available on their shift either prior to their scheduled report time for witness duty or after their release from witness duty (two (2) hours of this time may be considered as travel/preparation time). Witness fees will not be deducted from such pay. An employee is not entitled to pay under this 6.6(b) in circumstances where the employee (1) is called as a witness against the Company or its interests; or (2) is called as a witness on his own behalf in an action in which he is a party; or (3) voluntarily seeks to testify as a witness; or (4) is a witness in a case arising from or related to his outside employment or outside business activities; or (5) is subpoenaed as a witness while on leave of absence except if serving as a Company witness. An employee absent from work in order to comply with a subpoena for his deposition shall be entitled to pay under this 6.6(b) on the same basis and subject to the same conditions and obligations as for a witness in court, provided, however, that such pay will be limited to no more than two (2) hours per day. The employee will furnish to the Company evidence

~~satisfactory to the Company showing his attendance as a witness that meets the requirements of this 6.6(b).~~

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

6.6(dc) Up to three (3) days bereavement leave with pay will be granted to an employee on the active payroll who, because of death in his immediate family, takes time off from work during his normal work schedule as such term is defined in Section 5.1 of this Agreement. Such pay shall be for eight (8) hours at his straight time base rate, including shift differential and Cost of Living Adjustment where applicable for each such day off; however, such pay will not be applicable if the employee receives pay for such days off under any other provision of this Agreement. Bereavement leave must be taken on consecutive workdays as selected by the employee within twenty (20) calendar days following the death (or evidence of belated notification of death). For the purposes of this 6.6(d) the "immediate family" is defined as follows: spouse, mother, father, mother-in-law, father-in-law, children, brother, sister, son-in-law, daughter-in-law, great-grandparents, grandparents, grandchildren, stepmother, stepfather, stepchildren, stepbrother, stepsister, half brother, half sister and spouse's grandparents. In addition, an employee will be granted bereavement leave for a stillborn child if the employee provides a certificate of fetal death which has been certified by the state-attending physician.

Section 6.7 Garnishments.

In cases of dismissal or suspension of an employee because of writs of garnishment served upon the Company in litigation involving claims of third parties against such employee, such a dismissal or suspension will be treated as a dismissal or suspension under Section 19.3 and will be subject to the grievance procedure and other provisions of Article 19.

Section 6.8 Paydays.

Paydays for employees under this Agreement on all shifts shall be on or before Thursday of every second week at which time they will be paid through Thursday of the preceding week, except when circumstances intervening beyond the Company's control make such practice impossible. When a holiday falls on Thursday or Friday during the normal payday week, second shift employees may, if desired, pick up their pay check by 12:00 noon or when available in the employee's organization on the day preceding the holiday.

Section 6.9 Report Time.

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

Section 6.10 Overtime.

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

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

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

(a) First, ask the employee regularly assigned to either the machine, job, crew or position providing the employee is in attendance when the overtime is being assigned, provided, however, that the Company may designate that employee to work the overtime before proceeding to 6.10(b)(1)(b).

(b) Then, ask other qualified employees in the same job classification who are in attendance when the overtime is being assigned.

(c) If sufficient volunteers are not obtained, the Company may designate any employee to satisfy remaining requirements.

(2) Management may exclude an employee from overtime, even if the employee is in attendance when the overtime is being assigned, if:

(a) The employee has been absent during the week, except for sick leave, jury duty, witness service, bereavement leave, military leave, authorized Union business, previously scheduled vacation or absence due to industrial injury or illness.

(b) An employee is asked to work overtime (Saturday and/or Sunday) and is subsequently absent due to illness or bereavement leave on the workday preceding the overtime day.

(c) Two (2) consecutive weekends have been worked by the employee.

(d) One hundred ~~forty-four (144)~~ twenty-eight (128) overtime hours have been worked in the budget quarter.

(e) Eight (8) overtime hours have been worked on the Saturday or the Sunday.

(f) An employee's schedule performance or work quality is currently documented as being deficient.

(3) If the whole shift of a shop/functional area/crew or position is scheduled to work a six (6) or seven (7) day week, all employees in the shop/functional area/crew or position will be required to report for weekend work, regardless of whether or not they were absent during the week, except when an employee has previously scheduled the use of vacation, bereavement leave or military leave on Friday preceding the weekend, or unless (2)(c), (2)(d) or (2)(e) of this 6.10(b) apply.

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

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

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

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

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

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

<u>If Work Period Starts</u>	<u>Shift</u>	<u>Day</u>
6:01 P.M. Friday through 1:30 A.M. Saturday	3rd	Saturday
1:31 A.M. Saturday through 10:00 A.M. Saturday	1st	Saturday
10:01 A.M. Saturday through 6:00 P.M. Saturday	2nd	Saturday
6:01 P.M. Saturday through 1:30 A.M. Sunday	3rd	Sunday
1:31 A.M. Sunday through 10:00 A.M. Sunday	1st	Sunday
10:01 A.M. Sunday through 9:59 P.M. Sunday	2nd	Sunday

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

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

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

6.10(e) In lieu of the provisions of Sections 6.10(c) and 6.11(d), overtime worked in any of the following circumstances shall be paid at double the employee's base rate:

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

Section 6.11 Wage Payment Basis.

Employees shall be paid for time worked computed to the nearest one-tenth hour.

Section 6.12 New Assignments.

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

**ARTICLE 7
HOLIDAYS**

Section 7.1 Dates on Which Observed.

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

<u>1999 Holidays</u>		<u>Date of Observance</u>
Labor Day	Monday	September 6, 1999
Thanksgiving Day	Thursday	November 25, 1999
Friday following Thanksgiving	Friday	November 26, 1999
Christmas Holiday	Friday	December 24, 1999
Christmas Holiday	Monday	December 27, 1999
Christmas Holiday	Tuesday	December 28, 1999
Christmas Holiday	Wednesday	December 29, 1999
Christmas Holiday	Thursday	December 30, 1999
Christmas Holiday	Friday	December 31, 1999
<u>2000 Holidays</u>		<u>Date of Observance</u>
New Year's Day	Monday	January 3, 2000
Memorial Day	Monday	May 29, 2000
Independence Day	Tuesday	July 4, 2000
Labor Day	Monday	September 4, 2000
Thanksgiving Day	Thursday	November 23, 2000
Friday following Thanksgiving	Friday	November 24, 2000
Christmas Holiday	Friday	December 22, 2000
Christmas Day	Monday	December 25, 2000
Christmas Holiday	Tuesday	December 26, 2000
Christmas Holiday	Wednesday	December 27, 2000
Christmas Holiday	Thursday	December 28, 2000
Christmas Holiday	Friday	December 29, 2000

2001 Holidays		Date of Observance
New Year's Day	Monday	January 1, 2001
Memorial Day	Monday	May 28, 2001
Independence Day	Wednesday	July 4, 2001
Labor Day	Monday	September 3, 2001
Thanksgiving Day	Thursday	November 22, 2001
Friday following Thanksgiving	Friday	November 23, 2001
Christmas Holiday	Monday	December 24, 2001
Christmas Day	Tuesday	December 25, 2001
Christmas Holiday	Wednesday	December 26, 2001
Christmas Holiday	Thursday	December 27, 2001
Christmas Holiday	Friday	December 28, 2001
Christmas Holiday	Monday	December 31, 2001

2002 Holidays		Date of Observance
New Year's Day	Tuesday	January 1, 2002
Memorial Day	Monday	May 27, 2002
Independence Day	Thursday	July 4, 2002

<u>2002 Holidays</u>		<u>Date of Observance</u>
<u>Labor Day</u>	<u>Monday</u>	<u>September 2, 2002</u>
<u>Thanksgiving Day</u>	<u>Thursday</u>	<u>November 28, 2002</u>
<u>Friday following Thanksgiving</u>	<u>Friday</u>	<u>November 29, 2002</u>
<u>Winter Break</u>	<u>Tuesday</u>	<u>December 24, 2002</u>
<u>Winter Break</u>	<u>Wednesday</u>	<u>December 25, 2002</u>
<u>Winter Break</u>	<u>Thursday</u>	<u>December 26, 2002</u>

<u>Winter Break</u>	<u>Friday</u>	<u>December 27, 2002</u>
<u>Winter Break</u>	<u>Monday</u>	<u>December 30, 2002</u>
<u>Winter Break</u>	<u>Tuesday</u>	<u>December 31, 2002</u>

<u>2003 Holidays</u>		<u>Date of Observance</u>
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<u>New Year's Day</u>	<u>Wednesday</u>	<u>January 1, 2003</u>
<u>Memorial Day</u>	<u>Monday</u>	<u>May 26, 2003</u>
<u>Independence Day</u>	<u>Friday</u>	<u>July 4, 2003</u>
<u>Labor Day</u>	<u>Monday</u>	<u>September 1, 2003</u>
<u>Thanksgiving Day</u>	<u>Thursday</u>	<u>November 27, 2003</u>
<u>Friday following Thanksgiving</u>	<u>Friday</u>	<u>November 28, 2003</u>
<u>Winter Break</u>	<u>Wednesday</u>	<u>December 24, 2003</u>
<u>Winter Break</u>	<u>Thursday</u>	<u>December 25, 2003</u>
<u>Winter Break</u>	<u>Friday</u>	<u>December 26, 2003</u>
<u>Winter Break</u>	<u>Monday</u>	<u>December 29, 2003</u>
<u>Winter Break</u>	<u>Tuesday</u>	<u>December 30, 2003</u>
<u>Winter Break</u>	<u>Wednesday</u>	<u>December 31, 2003</u>

<u>2004 Holidays</u>		<u>Date of Observance</u>
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<u>New Year's Day</u>	<u>Thursday</u>	<u>January 1, 2004</u>
<u>Memorial Day</u>	<u>Monday</u>	<u>May 31, 2004</u>
<u>Independence Day</u>	<u>Monday</u>	<u>July 5, 2004</u>
<u>Labor Day</u>	<u>Monday</u>	<u>September 6, 2004</u>
<u>Thanksgiving Day</u>	<u>Thursday</u>	<u>November 25, 2004</u>
<u>Friday following Thanksgiving</u>	<u>Friday</u>	<u>November 26, 2004</u>
<u>Winter Break</u>	<u>Friday</u>	<u>December 24, 2004</u>
<u>Winter Break</u>	<u>Monday</u>	<u>December 27, 2004</u>
<u>Winter Break</u>	<u>Tuesday</u>	<u>December 28, 2004</u>

<u>Winter Break</u>	<u>Wednesday</u>	<u>December 29, 2004</u>
<u>Winter Break</u>	<u>Thursday</u>	<u>December 30, 2004</u>
<u>Winter Break</u>	<u>Friday</u>	<u>December 31, 2004</u>

<u>2005 Holidays</u>		<u>Date of Observance</u>
<u>New Year's Day</u>	<u>Monday</u>	<u>January 3, 2005</u>
<u>Memorial Day</u>	<u>Monday</u>	<u>May 30, 2005</u>
<u>Independence Day</u>	<u>Monday</u>	<u>July 4, 2005</u>

Section 7.2 Unworked Holidays.

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

Section 7.3 Worked Holidays.

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

Section 7.4 Holidays During Vacation.

Should a holiday occur while an employee is on vacation, the employee shall be allowed to take one extra day of vacation with pay in lieu of the holiday as such.

Section 7.5 Employees on Non-regular Workweek.

For those employees who regularly work on Saturday and/or Sunday, receiving two consecutive days off during the week, the two days off shall be treated as "Saturday" and "Sunday," in that order, for the purposes of this Article 7. Should any of the holidays observed by the Company occur on such a "Sunday," the following day shall be considered as a holiday for such employees. Should any of the holidays observed by the Company occur on such a "Saturday," the preceding day shall be considered as a holiday for such employees.

Section 7.6 Employees Prevented from Working Because of Local Holidays.

Employees assigned to a non-Boeing facility where (due to the fact that a holiday not listed in Article 7 but recognized at that facility) they are prevented from working their assigned shift, they nonetheless shall be paid for such assigned shift.

Section 7.7 Employees on Third Shift.

Those employees who are assigned to work on third shift shall observe holidays in accordance with Sections 7.1 through 7.6 except when Independence Day falls on a Monday, Tuesday, Wednesday or a Thursday. When this occurs, they shall observe the Independence Day holiday on the fifth of July.

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

Section 8.1 General Description of Credit.

Upon reaching his first eligibility date with the Company and during each succeeding year, an employee subject to this Agreement shall be credited with a certain number of hours of credit for the purposes of this Article 8, based upon hours worked during his first year of service and each succeeding year, such credit to be earned and used as designated in this Article 8.

Section 8.2 Computation of Credit.

The credit to which an employee shall be entitled on his first eligibility date, and at any time thereafter, shall be computed in accordance with the following rules:

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

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

8.2(c) An employee with ten or more but less than fifteen years of seniority will earn one hour credit for each thirteen hours worked.

8.2(d) An employee with fifteen or more but less than twenty years of seniority will earn one hour credit for each twelve hours worked.

8.2(e) An employee with twenty or more but less than twenty-five years of seniority will earn one hour credit for each eleven hours worked.

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

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

8.2(h) Each hour worked on third shift shall be increased, at the ratio of eight to six and one-half for the purpose of computing credit.

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

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

Section 8.3 Eligibility to Use Credit.

Eligibility for use of credit shall be determined as follows:

8.3(a) An employee becomes eligible to use his credit as provided in Section 8.4 after reaching his first eligibility date, except as provided in 8.4(c)(2).

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

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

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

Section 8.4 Use of Credit.

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

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

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

8.4(b) Use of Vacation Credit as Vacation With Pay or Sick Leave. Between eligibility dates, an employee shall use his unused Vacation Credit accumulated in the twelve-month period preceding his last eligibility date as vacation with pay at the rate in effect for each day of the vacation period, including shift differential, if applicable, subject to the following conditions:

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

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

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

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

8.4(b)(5) If an employee's Sick Leave Credit is exhausted, management may approve on a case-by-case basis an employee's request to use Vacation Credit as sick leave for legitimate reasons for absence under the same conditions as set forth in 8.4(c)(1). Such approval will not be unreasonably denied; however, requests will not normally be approved if the employee is then under a Corrective Action Memo for attendance.

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

8.4(c)(1) General. Between eligibility dates, an employee, including an employee on a leave of absence, may, at his option, use any part or all of his Sick Leave Credit as sick leave providing: (A) the employee is

partially or wholly incapacitated by actual illness or injury on the days taken as sick leave, (B) an illness in the employee's immediate family requires the employee's presence or (C) the employee has a medical or dental appointment which can be scheduled only during working hours. The employee shall be paid for absence charged to sick leave and shall not be penalized for such absence providing the nature of the absence and anticipated length of absence is reported to his organization on the first day of such absence, or as soon thereafter as reasonably possible. As to possible rights after exhaustion of Sick Leave Credit, see 8.4(b)(5) and 8.5(a).

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

8.4(d) Unused Vacation Credit. It is the intent of the parties that employees shall be required to use Vacation Credit as vacation. However, where an employee does not use all or part of such Vacation Credit as vacation with pay during the year between vacation eligibility dates, the employee shall receive pay in lieu of any remaining unused Vacation Credit after reaching his next eligibility date. An exception to the foregoing will be to allow employees to elect carryover of vacation credits in order to meet extended vacation needs, provided the employee makes such election in writing at least ten working days before the employee's next eligibility date. Vacation credits so carried over must be used during the next eligibility year and pay in lieu of vacation credits carried over will not be allowed until the end of the eligibility year following the eligibility year in which the carryover election is made. All payments in lieu of vacations shall be made at the employee's rate in effect on the employee's current vacation eligibility date, including shift differential where applicable.

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

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%

Such payments shall be made at the employee's rate in effect on that eligibility date, including shift differential where applicable. Notwithstanding the above, there will be no deduction for leave without pay hours taken for the following reasons: departure from work for Union business pursuant to Section 4.9; temporary layoff pursuant to Section 22.8; or emergency plant closure.

8.4(f) Effect of Termination. Upon termination of an employee's employment for any reason on or after any eligibility date, such employee shall receive pay in lieu of his hours of Vacation Credit and Sick Leave Credit earned and unused up to and including the effective date of his termination of employment. For the purposes of this 8.4(f) only, an employee shall be deemed to have terminated on or after his first eligibility date if he worked on his last scheduled workday prior to that eligibility date. Such pay shall be in addition to such benefits as may be payable to the employee under the Financial Security Plan.

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

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

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

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

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

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

Section 8.5 Financial Security Plan.

8.5(a) Use of Accrued Financial Security Plan Benefits. The Financial Security Plan is not applicable to employees within the units to which this Agreement relates. However, after October 4, 1983, an employee who has transferred into a unit defined in Article 1 who has an accrued benefit under the Financial Security Plan shall retain such accrued benefit under the Plan subject to the current withdrawal and termination provisions of the Plan applicable to the employee's unit before transfer.

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

8.5(c) Annuity Form of Benefit Payment. A Member to whom a benefit is payable on account of retirement under a retirement plan sponsored by the Company may, prior to the

Member's retirement date under such retirement plan, elect to receive all or any designated portion of this Plan benefit in an alternate annuity form regardless of the amount of the Member's account balance.

ARTICLE 9 VOLUNTARY INVESTMENT PLAN

Section 9.1 Continuation of Plan.

Subject to the approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, a Voluntary Investment Plan (hereinafter called the Plan) in the form now in effect as to the

employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and limitations of the Plan.

Section 9.2 Approval of Plan.

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

Section 9.3 Continuation Beyond Agreement.

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

Section 9.4 Plan Updates.

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

Section 9.4-5 Changes to the Current Plan.

Subject to action by the Company's Board of Directors and to the approvals specified in Section 9.2, all provisions of the Plan are to remain unchanged with the exception of the following amendments, effective January 1, 2003:

~~9.4-5(a) The parties agree that innovations in technology and administrative practices can give savings plan participants better access to information about their benefits, increased investment options, timely on-line transaction capability and enhanced administrative features. Accordingly, when the Company identifies administrative services that in its estimation reflect industry best practices, the Employee Benefit Plans Committee has discretion to adopt these changes to the Savings Plan. The Company will notify the~~

Union in advance of implementation of any changes adopted by the Employee Benefit Plans Committee. The employee contribution limit – for pretax and aftertax contributions combined – will increase from 15 percent to 20 percent of base pay.

9.5(b) The Boeing Stock Fund portion of the VIP will be designated as an ESOP (Employee Stock Ownership Plan). Employees who have all or a portion of their VIP account invested in the Boeing Stock Fund will be able to choose a 100 percent cash payment of dividends. Alternatively, employees may continue automatic reinvestment of those dividends.9.5(c)

9.5(c) At such time as the Company has determined that it is able to comply with the relevant requirements under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the Plan will be amended to permit “catch up contributions” by participants age 50 and older.

Section 9.5-6 Required Plan Amendments.

The Company reserves the right to amend the plan to satisfy all requirements of Section 401(a), Section 401(k) or any other applicable provision of the Internal Revenue Code of 1986.

Section 9.6-7 Participant Elective Contributions Not Applicable for Other Purposes.

It is acknowledged that the election of a member to convert a portion of his or her base pay under the terms of the Plan will be effective for purposes of this Plan and will reduce the member's compensation insofar as certain payroll taxes may be applicable. However, for all other employment related purposes, including all of the member's rights and privileges under this labor agreement, his or her base pay or compensation will be considered as though no election had been made.

ARTICLE 10 RETIREMENT PLAN

Section 10.1 Continuation of Plan.

Subject to the approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of Section 10.5, a retirement plan (hereinafter called the Plan) in the form now in effect as to the employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and limitations of the Plan.

Section 10.2 Approval of Plan.

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

Section 10.3 Continuation Beyond Agreement.

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

Section 10.4 Grievances as to the Plan.

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

Section 10.5 Changes to the Current Plan.

Subject to action by the Company's Board of Directors and to the approvals specified in Section 10.2, all provisions of The Boeing Company Employee Retirement Plan are to remain unchanged with the exception of the following amendments:

10.5(a) Hours of Service. Employees will be credited with 45 hours of service for each payroll week during which the employee has any service. As under current provisions, employees will not earn more than one year of Vesting or Credited Service in a calendar year. Service will no longer be credited based on actual hours worked.

~~10.5(b) Expense Payments.~~ Fees and expenses associated with the investment of fund assets, plan administration, and trustee fees shall be payable out of the trust.

~~10.5(c) Crediting Eligibility Service.~~ Employees on the active payroll of the Company on or after January 1, 2000, who complete their year of eligibility service (usually the first year of employment) and become Participants of the Plan will receive Credited Service for the year of eligibility service immediately after becoming a Plan Participant.

~~10.5(d) The Retirement Income Leveling Option. The amount payable under the retirement income leveling option will be \$700/month for all employees who elect the option.~~

~~10.5(e) Six Year Bridge for Laid Off Employees. Laid off employees will no longer have to maintain active layoff status in order to remain eligible for the Plan's layoff provisions.~~

~~10.5(f) Early Retirement Reduction for Vested Former Employees. Early retirement reduction factors used for former employees with vested benefits will be based on age in completed months instead of age in completed quarters.~~

~~10.5(g) Deferral of Retirement Benefits. Employees who terminate employment while eligible for early retirement may elect to defer commencement of their benefit until age 65.~~

~~10.5(h) Pre-Retirement Survivor Benefit. The charge for providing a surviving spouse benefit to former employees who have a vested benefit and who have not yet retired will be eliminated. This amendment will apply to all Plan Participants who have not yet commenced benefits as of January 1, 2000.~~

~~10.5(i) Ten Year Certain and Life Option. Employees may elect a ten-year certain and life option where benefits are paid for the employee's lifetime, and are guaranteed to continue for ten years after the employee's retirement date, even if the retiree dies within ten years of retirement. The benefit will be reduced to reflect the cost of the option.~~

~~10.5(j) Basic Benefit. The Basic Benefit will be increased to \$50.00 per month for all years of credited service for employees on the active payroll of the Company on or after January 1, 2000 (including those who retire from the employ of the Company on January 1, 2000).~~

10.5(a) Basic Benefit The Basic Benefit will be increased to \$58.00 per month for all years of credited service for employees on the active payroll of the Company on or after January 1, 2003 (including those who retire from the employ of the Company on January 1, 2003).

10.5(b) Basic Benefit. The Basic Benefit will be increased to \$59.00 per month for all years of credited service for employees on the active payroll of the Company on or after January 1, 2004 (including all those who retire from the employ of the Company on January 1, 2004).

10.5(c) Basic Benefit. The Basic Benefit will be increased to \$60.00 per month for all years of credited service for employees on the active payroll of the Company on or after January 1, 2005 (including all those who retire from the employ of the Company on January 1, 2005).

10.5(d) Effective Date of Amendments. The amendment set forth in Section 10.5(a) will take effect January 1, 2003, and will apply to Plan Participants on the active payroll, layoff, or leave of absence from the Company on or after January 1, 2003, including employees who retire effective January 1, 2003. The amendment set forth in Section 10.5(b) will take effect January 1, 2004, and will apply to Plan Participants on the active payroll, layoff, or leave of absence from the Company on or after January 1, 2004, including employees who retire effective January 1, 2004. The amendment set forth in Section 10.5(c) will take effect January 1, 2005, and will apply to Plan Participants on the active payroll, layoff, or leave of absence from the Company on or after January 1, 2005, including employees who retire effective January 1, 2005.

~~Section 10.6 Joint Retirement Plan Advisory Committee.~~

~~A joint Retirement Plan Advisory Committee shall be established and shall consist of two representatives appointed in writing by the Union and two representatives appointed in writing by the Company. The chairmanship of this Committee shall be rotated annually between the Union and the Company representatives. The secretary shall be chosen from the opposite group to the chairman and shall keep minutes of all meetings. The duties of the Retirement Plan Advisory Committee shall be to review those questions of fact which are referred to it and which are involved in the administration of the Plan as it applies to employees represented by the Union. The Committee shall submit its findings and recommendations on each such question to the Retirement Committee referred to in Article XIII of the Plan.~~

Section 10.6 Administration of the Retirement Plan.

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

Section 10.7 Retirement Benefits for Employees in the Portland Unit.

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

10.7(a) Employees to Whom the Boeing Plan Applies. Each employee who was employed by the Company on June 29, 1974, and remains in the employ of the Company on and after January 1, 1981, shall become a Plan participant as of June 29, 1974. Each other employee who was employed by the Company after June 29, 1974, and remains in the employ of the Company on and after January 1, 1981, shall become a Plan participant upon completion of one year of eligibility service following such date of employment with the Company. All other employees who are employed by the Company on or after

January 1, 1981, shall become participants in the Plan upon completion of one year of eligibility service, or upon becoming an eligible employee, if later.

10.7(b) Credited Service. Plan participants will accrue Credited Service commencing on the date they became Plan participants in accordance with 10.7(a).

10.7(c) Eligibility for Retirement Income. Eligibility for retirement income will be based on the provisions of the Plan.

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

10.7(e) Other Provisions of the Plan. With the exception of the foregoing language of Section 10.7, all other provisions of The Boeing Company Employee Retirement Plan will apply.

ARTICLE 11 GROUP BENEFITS

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

The Company will continue until June 30, ~~2000-2003~~, the Group Benefits Program agreed to in the collective bargaining agreement of ~~December 14, 1995~~ September 2, 1999, between the Company and the Union. In lieu of the existing Group Benefits Program, the Company will provide the life benefits, accidental death and dismemberment benefits, survivor income benefits, weekly disability benefits, medical benefits and dental benefits for eligible employees and medical benefits and dental benefits for covered dependents of eligible employees as summarized in the document entitled Attachment A, effective July 1, ~~2000~~ 2003, ~~as the Group Benefits Program or on such later date when specifically stated therein.~~

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

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

11.2(b) Medical Benefits. The Company and the Union are committed to controlling health care costs through joint efforts under the Joint Committee on Health Care Costs

and Quality. In support of these efforts, the Company will ~~pay-continue to share the full~~ cost of Company-sponsored medical plan coverage at least until June 30, 2000, except as described in 11.2(b)(2). ~~To the extent that the Company's~~ with employees, Effective January 1, 2004, Company and Union's joint efforts do not prevent health care cost increases, monthly employee contributions as follows: for medical plan coverage will become effective, but not earlier than July 1, 2000, and such contributions will be limited to the amount by which the percentage change to the cost of the Traditional Medical Plan exceeds the percentage change to the national medical cost inflation as measured by the CPI Medical Index, multiplied by the per capita cost of the Traditional Medical Plan; provided, however, in no event will the monthly contribution exceed \$10 for an employee only, \$20 for either an employee or spouse or an employee and child(ren) and \$30 for an employee and family. Changes to the cost of the Traditional Medical Plan and the CPI Medical Index will be determined annually in February for the period of July 1, 1996 to date. Monthly employee contributions, if any, and changes to such contributions will become effective July 1 for the following twelve-month period.

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

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

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

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

Section 11.3 Type of Retiree Medical Plan.

For employees covered on or after July 1, 2000-2003, the Company will provide for the duration of this agreement for eligible retired employees and for covered dependents of

eligible retired employees the medical benefits summarized in the document entitled Attachment B, effective July 1, ~~2000-2003~~, or on such later date when specifically stated therein and subject to all of the terms and conditions contained in or referred to in such Attachment B. The program summarized in Attachment B shall be referred to as the Retiree Medical Plan.

Section 11.4 Cost of the Retiree Medical Plan.

~~11.4(a) The Except as described in 11.4(b) and 11.4 (c), the Company will pay share the full cost of the Retiree Medical Plan medical coverage, for current eligible retired employees, employees on the active payroll, on layoff or on leave of absence on June 30, 1999 2002, except as described in 11.4(b) and 11.4(e) as follows:~~

11.4(a) Effective January 1, 2004, Company and retired employee contributions will be as follows:

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

11.4(b) For employees who are hired on or after January 1, 1993, the Company contributions are limited to 3 and 1/3 percent of the cost ~~the Company otherwise would contribute under 11.4(a) of the Coordinated Care/Health Maintenance Organization plan or Traditional Medical Plan~~ the retired employee chooses per year of service for the duration of the agreement. Retired employees pay the difference (the cost of the plan minus the Company contributions). However, all covered retirees must make contributions not less than the amount specified in Section 11.4(a).

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

11.4(d) Company contributions will be made only for an eligible retired employee who is receiving benefits from The Boeing Company Employee Retirement Plan provided the employee meets the eligibility requirements of the Retiree Medical Plan and either authorizes deduction of the balance of plan rates, if any, from his or her retirement check or makes arrangements with the company to self-pay for coverage. Such Company contribution will continue for an eligible retired employee or eligible spouse reduced by retired employee contributions required under Section 11.4(a) and (b) and the spouse contribution in Section 11.4(c), if any, until such eligible person attains 65 years of age or

is earlier eligible for Medicare, and for a dependent child, until such dependent is no longer an eligible dependent or earlier qualifies for Medicare.

Section 11.5 Details and Method of Coverage.

The benefits summarized in the Group Benefits Program and the Retiree Medical Plan shall be procured by the Company under contracts and/or administrative agreements with insurance companies, health care contractors or administrative agents which will be in the form customarily written by such carriers and administrative agents, and the Group Benefits Program and Retiree Medical Plan shall be subject to the terms and conditions of such contracts and/or administrative agreements, consistent with the summary in the Group Benefits Program or Retiree Medical Plan.

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

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

Section 11.6 Administration.

The Group Benefits Program and the Retiree Medical Plan shall be administered by the insurance companies, health care contractors or administrative agents with whom the Company enters into contractual relationships for the purpose of providing and/or administering the coverage contemplated by the Group Benefits Program or the Retiree Medical Plan and, except as provided in 11.5 above, no question or issue arising under the administration of such Group Benefits Program or the Retiree Medical Plan or the contracts and/or administrative agreements identified therewith shall be subject to the

grievance procedure or arbitration provisions of Article 19 of this Agreement. No new medical or dental plans will be added or existing plans deleted without prior consultation and notification of the Union.

Section 11.7 Copies of Policies to be Furnished to Union.

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

Section 11.8 Federal or State Programs.

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

ARTICLE 12 TRAVEL AND RELOCATION REIMBURSEMENT

Section 12.1 Recognition of Varied Type of Operations.

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

Section 12.2 Copies of Policies to Be Furnished Union.

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

Section 12.3 Advance Notice to Employee of Applicable Policy.

Each employee who is requested to relocate or who is afforded an opportunity to relocate, shall be advised by the Company in writing, prior to any commitment on his part to undertake the assignment, as to the published policy or policies and the particular provisions thereof that are to be applied to him in connection with the assignment if he takes it; and if he takes the assignment, later revisions of published policies or parts thereof will not cause any change in the reimbursement policy or policies specified in the advice.

Section 12.4 Changes in Policies.

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

Section 12.5 Determination of Applicable Policies.

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

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

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

**ARTICLE 13
LABOR GRADES - IDENTIFICATION AND APPLICATION OF**

Section 13.1 Labor Grades.

The various labor grades are those identified in Article 6.

Section 13.2 Corporate Job - Definition of.

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

Section 13.3 Identification of Existing Jobs - Placement in Labor Grade.

The attached "Corporate Job List - Existing Jobs as of ~~September 4, 1999~~ September 2, 2002" contains all the jobs existing as of that date. For the period of this Agreement, thereafter each job in that list respectively shall continue within the same labor grade as the one with which it is identified in such list.

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

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

Section 13.5 Establishment of New Jobs.

When work operations involving new or substantially changed requirements are established after the effective date of this Agreement and such requirements are not adequately or specifically described in an existing job, the Company will describe and establish a new job in a labor grade based upon its use of the Classification Guides and Representative Jobs referred to in Section 13.10 by notifying the IAM Overall Coordinator and the Directing Business Representative at each major location of its action. If, forty-five (45) days after receipt of such notification of the establishment of the new job, the Union has not requested negotiation of the labor grade on the ground that pursuant to Section 13.10 the job should be in a different labor grade, the job will become permanent. The parties shall discuss the job description and changes shall be made by the Company in response to negotiation with the Union in the interest of clarity, better understanding or to more properly describe the way the work is organized; however, the organization of the work shall not be affected. If the labor grade is changed, such change will be retroactive to the date of installation by the Company. In the event that the parties are unable to reach agreement on the labor grade such dispute may be submitted to arbitration under Section ~~13.8~~ 13.9. However, neither the organization of work nor the determination of the job duties shall be subject to arbitration and the arbiter shall not have authority to alter a job description.

Section 13.6 Temporary Classifications.

Temporary classifications and code numbers identified with the prefix "T" may be established by the Company for new work functions for which no current job description is applicable and which require a period of time to stabilize job duties. This period shall not exceed ninety (90) days unless extended by mutual agreement. Extensions will be

limited to two (2) and be granted in ninety (90) day increments. Employees will be assigned to such new work at their current labor grades. The Union will be notified of the effective date and approximate duration of the temporary classification and code number. If the permanent job title, job description and code numbers are installed at a higher labor grade than the labor grades of the assigned employees, these employees will be paid at the higher labor grade for the time assigned to the job duties of the applicable job title.

Section 13.7 Initial Staffing of New or Temporary Classifications.

When establishing a new or temporary classification (not job combinations) and where such new or temporary classification is comprised of portions of existing jobs, the Company will initially staff these positions with senior volunteers from the employees currently assigned to those existing jobs. When a new job is installed in an existing job family, and is of a higher labor grade, all employees currently populating the lower labor grade in the normal line of promotion in the new job family shall be notified of the opportunity to file a Category B effective Application in accordance with Section 22.1(b). If the temporary job results in the installation of a new job, the employees assigned to the temporary job will have established rights to the new job. All further openings will be staffed in accordance with Article 22.

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

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

Section 13.9 Procedure in Event of Disagreement.

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

Section 13.10 Classification Guides and Representative Jobs.

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

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

13.10(a) The Determining Duties and Responsibilities (see the Rules referred to in ~~13.9(e)~~ 13.10(e)) in the job description describing the new or revised work shall be the basis for determining the appropriate labor grade.

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

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

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

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

Section 13.11 Retroactive Payment Where Labor Grade Changed.

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

Section 13.12 Existing "Nonrepresentative" Jobs.

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

Section 13.13 Applicable Classification Guides and Representative Jobs.

During the life of this Agreement, unless changed by mutual agreement of the parties, the Classification Guides and Representative Jobs identified respectively with each labor grade shall be those to which the parties have mutually agreed bearing date of ~~September 1, 1999~~ September 2, 2002 and entitled "Classification Guides and Representative Jobs for Use in Placing New or Changed Jobs Within the Appropriate Labor Grade."

Section 13.14 Misassignment Grievances.

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

ARTICLE 14 SENIORITY

Section 14.1 Accumulation of Seniority.

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

14.1(a) The amount of seniority he had immediately prior to the effective date of this Agreement, calculated in accordance with the collective bargaining agreement between the parties dated ~~December 14, 1995~~ September 2, 1999; plus

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

14.1(b)(1) for employees on the active management (supervisory) payroll of the company on September 1, 1999, the time before or after the effective date of entry onto such payroll, provided he has at some previous

time worked within any such unit (including any preceding variation of any such unit) and provided further that this subparagraph will not affect the seniority of those in any such unit (including those on layoff or leave of absence from any such unit) on such effective date; plus

14.1(b)(2) for employees promoted to the active management (supervisory) payroll of the company on or after September 2, 1999, a cumulative total of five years spent on such payroll following such effective date, provided he has at some previous time worked within any such unit (including any preceding variation of any such unit); provided further that this subparagraph will not affect the seniority of those in any such unit (including those on layoff or leave of absence from any such unit) on such effective date; and provided further that this subparagraph shall not apply to employees temporarily promoted to such payroll or promoted to such payroll for purposes of staffing a joint program (such employees to continue to accrue seniority in accordance with Section 14.1(b) above); plus

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

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

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

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

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

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

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

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

(a) A period of six (6) years for employees with five (5) or more years of seniority at time of layoff (less time on leave under subparagraphs 14.1(b)(7) and 14.1(b)(8) where such leave immediately precedes such layoff);

(b) A period of five (5) years for employees with three (3) or more but less than five (5) years seniority at time of layoff (less time on leave under subparagraphs 14.1(b)(7) and 14.1(b)(8) where such leave immediately precedes such layoff);

(c) A period of three years for employees with one or more years but less than three years seniority at time of layoff (less time on leave under subparagraphs 14.1(b)(7) and 14.1(b)(8) where such leave immediately precedes such layoff);

(d) A period of one year for employees with less than one year seniority at time of layoff (less time on leave under subparagraphs 14.1(b)(7) and 14.1(b)(8) where such leave immediately precedes such layoff).

Section 14.2 Transfer From One Location to Another.

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

Section 14.3 Loss of Seniority.

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

14.3(a)(1) Resignation. (An individual who, while on leave of absence, engages in other employment or fails to report for work or to obtain renewal of his leave on or before its expiration, will be considered as having resigned.)

14.3(a)(2) Discharge for cause.

14.3(a)(3) Failure to respond with his acceptance within seven regular workdays after dispatch by certified mail, return receipt requested, of a recall from layoff unless such period is extended by the Company if such recall is to a job that he must accept under the applicable provisions of Article 22 or lose seniority. However, if such an employee, who otherwise would retain his seniority except for the provisions of this Section 14.3(a)(3), contacts the Company in writing within thirty calendar

days of his seniority loss, his seniority will be reinstated and he will be placed on the Category A roster in seniority order for prospective purposes.

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

14.3(a)(5) Layoff for a period in excess of six years for employees with three years or more seniority at time of layoff; layoff for a period in excess of three years for employees with one or more but less than three years seniority at time of layoff; layoff for a period in excess of one year for employees with less than one year seniority at time of layoff.

14.3(a)(6) Retirement (excludes those employees on disability retirement who qualify to return to the active payroll under the provisions of Section 22.18(f)).

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

Section 14.4 Reinstatement of Seniority Lost by Reason of Duration of Layoff.

An employee laid off on or after October 4, 1980, who has lost his seniority solely because of the application of 14.3(a)(5) shall, upon reemployment by the Company, have that seniority reinstated if the employee returns to the active payroll and his period of separation from the active payroll does not exceed the amount of seniority he had at the date of his layoff, plus the amount of seniority he accumulated under the applicable provisions of all collective bargaining agreements between the parties beginning October 4, 1980 and thereafter.

Section 14.5 Nature of Seniority Rights.

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

ARTICLE 15 LEAVE OF ABSENCE

Section 15.1 Authorized Leaves of Absence.

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

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

15.1(a)(2) In pregnancy cases, for the period of the employee's temporary physical incapacity caused by the pregnancy as verified by the employee's physician with concurrence of the Company medical staff. If there is a difference of medical opinion as to the employee's physical incapacity, the Company will solicit the opinion of a third physician. The Company shall be notified immediately upon medical confirmation that a pregnancy exists.

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

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

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

15.1(c) Requests for leaves of absence must be made in writing to the Company.

Section 15.2 Return from Leave of Absence.

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

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

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

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

15.2(b) Where an employee returns from a leave of absence of the type described in 15.2(a) and he is medically not able to perform the job which he last held, he will be considered for any job that he is qualified and able to perform, or (if a surplus occurred that would have affected him during such leave) be subjected to surplus procedures, all in accordance with Article 22.

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

15.2(d) Where an employee returns from a leave of absence of the type described in 15.2(c) and he is medically not able to perform the job which he last held, he will be considered for any job which he is qualified and able to perform, subject to Article 22. If placement is not effected, the employee may be placed on layoff.

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

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

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

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

ARTICLE 16 HEALTH AND SAFETY

Section 16.1 Mutual Objective.

The Union and Company recognize the value of working together to maintain maintaining and communicating high standards of occupational health and safety throughout the plants of the Company. Both parties commit to work together to create an environment which promotes a positive approach to processes, attitudes and activities that bring about the changes necessary to achieve a workplace free of incidents, accidents and injuries. behaviors that will lead to an incident/accident and injury free workplace. It is our intent that no employee shall be required to perform work that involves an imminent danger to health or physical safety. Both Further, the parties will establish proactive, customer driven programs and systems to support this mutual objective.

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

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

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

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

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

Section 16.2 IAM/Boeing Health and Safety Institute.

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

16.2(a) IAM/Boeing Joint Programs National Governing Board and Executive Directors, Governing Board. IAM/Boeing Joint Programs National Governing Board and Executive Directors. General direction and guidance of the IAM/Boeing Health & Safety Institute (HSI) shall be the responsibility of the IAM/Boeing Joint Programs National Governing Board (Governing Board) as described in the parties' Letter of Understanding No. 31, entitled Administration of Joint Programs, and the parties' Letter of Understanding No. 20, entitled Expenditure of Funds under Article 16 and Article 20. Oversight of day-to-day operations of HSI and coordination of HSI administrative staff activities, as directed by the Governing Board, shall be the responsibility of the IAM/Boeing Joint Programs Executive Directors as described in the parties' Letter of Understanding No. 31.

16.2(b) Administrative Staff. The IAM/Boeing Health & Safety Institute's administrative staff shall be comprised of a minimum of four (4) ~~five (5)~~ individuals named by each party. At least one (1) representative of each party shall be from the Wichita Primary Location. ~~Staff at the Seattle-Renton Primary Location will be assigned and located geographically. Staff will be responsible for developing, recommending, and implementing health and safety programs (site specific and general) and supporting Hazard Communication Teams to achieve the mutual objectives outlined in Section 16.1.~~ There will be one administrator from each party located in Portland that will provide support for both the IAM/Boeing Health and Safety Institute and the IAM/Boeing Quality Through Training Program. Staff will be assigned and located geographically. Staff responsibilities include being involved in developing, recommending, and implementing health and safety programs (site specific and general).

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

Minutes of all meetings shall be forwarded to the Governing Board, Committee members, the appropriate senior operations site manager(s), the SHEA Director and the Health and Safety Institute office.

16.2(d) Site Committees.

16.2(d)(1) Structure. The Governing Board shall be responsible for the establishment of Site Committees and may add, delete or modify existing or future Site Committees as it deems necessary. Site Committees are currently established at: Auburn Site, Developmental Center/Kent Site, Everett Site, Frederickson Site, Plant II Site, Portland Site, Renton Site, Spokane Site and Wichita Site. Site Committees shall be comprised of a minimum of four (4) representatives from each of the parties, one of whom shall be the Union's health and safety focal point for that site, one of whom shall be the SHEA safety manager for that site and one of whom shall be an HSI Administrator from each of the parties. The number of representatives may be increased if approved by the Governing Board. The appropriate Directing Business Representative will appoint Union representatives to the Site Committees. No Committee member shall suffer any loss of employee rights or benefits, including opportunities for promotion, as a result of serving on the Committee.

16.2(d)(2) Responsibilities. Each Site Committee shall meet at least monthly and shall select from among its members a chairperson and secretary, from ~~the opposite each~~ party, who shall serve a half-year term. The chair and secretary shall rotate between the parties. Minutes of all meetings, tours and recommendations shall be forwarded to the Committee members, the senior operations site manager(s) the SHEA Director and the Health and Safety Institute office. Each Site Committee shall be responsible to carry out those functions as directed by the Governing Board and as coordinated by the administrative staff. Each Site Committee also shall make a monthly tour ~~of its site to determine compliance with appropriate occupational health and safety practices and to gather information as may be determined necessary by the Site~~ Committee based on the following criteria: accident injury rates, SHEAR forms, Operations safety plan goals and objectives and/or other tour indicators agreed to by the Site Committee. Information gathered will be shared with the organization, members of the Site Committee, Division Executives, SHEA and the Health and Safety Institute offices. Such tours shall be conducted as efficiently as possible and time spent in each instance shall be kept to the reasonably necessary minimum. In support of Site Committee responsibilities, Site Committee members will receive adequate training as determined by HSI in support of individual site requirements.

16.2(e) Hazard Communication Team. A Hazard Communication Team shall be established ~~consisting of four equal numbers of~~ representatives of each party; team members will be from Puget Sound, Portland and Wichita. The Union's representatives shall be ~~three (3)~~ individuals who are knowledgeable about hazard communication issues and at least one (1) administrative staff member. The Company's representatives shall be

personnel from SHEA, Boeing Material Technology and Manufacturing Research and Development and other appropriate organizations, and at least one (1) administrative staff member. The Team shall meet at least monthly and shall select from among its members a chairperson and secretary who shall serve a half-year term. The chair and secretary shall rotate between the parties. The Team shall be under the direction of the Governing Board as coordinated by the administrative staff, and shall be responsible for reviewing the occupational health and safety effects resulting from changes in machines, processes or materials, staying current with Company/industry manufacturing trends and providing information and communications to employees. To enhance the communication between various health and safety activities, the chair and secretary of the Hazard Communication Team will provide a monthly report to the monthly Joint Health and Safety Communication Committee meeting.

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

16.2(f)(1) ~~The Health and Safety Institute shall be responsible for targeted provides training for employees the bargaining unit where required driven by appropriate occupational health and safety practices and compliance requesting organizations, Operations safety plans, appropriate occupational health and safety practices and compliance, and other training mutually agreed to by the Governing Board. Health and safety training shall fall within the following categories: (1) general safety classes; (2) safety related certification classes (e.g., hazard communication, lockout/tagout, confined space, etc.); (3) specific safety awareness (e.g. incident investigation, job safety analysis, machine guarding, etc.); and (4) other joint training mutually agreed to by the Governing Board.~~

16.2(f)(2) Shop Safety Monitors/Focals. ~~When the need arises, subject matter experts (SMEs) from the bargaining unit may be used in the development and delivery of health and safety training. SMEs will be identified, selected and approved by the administrative staff. With concurrence of the Institute, normal lost time charges for those SMEs assigned to assist in the development or delivery of such training will be paid by the Institute. The Union and Company agree that shop safety monitors/focals should be considered as leaders in employee participation to help deploy individual team safety plans. Utilization of shop safety monitors/focals can be an effective means by which the Company and Union working together can create a safer workplace through enhanced employee involvement. The Institute, working with local management, SHEA, Union Stewards and Site Committee members provides to requesting organizations a shop safety monitor/focal selection process and training plan.~~

16.2(f)(3) When the need arises, subject matter experts (SMEs) from the bargaining unit may be used in the development and delivery of health and safety training. SMEs will be identified, selected and approved by the administrative staff. With concurrence between the Institute and the affected organizations, normal lost time charges for those SMEs assigned to assist in the development or delivery of such training may be paid by the Institute or the requesting organization.

16.2(g) Employee Participation. The Governing Board, the administrative staff, the Joint Health and Safety Communication Committee, a Site Committee or the Hazard Communication Team may utilize the expertise of bargaining unit employees either as advisors or as representatives on the joint Health and Safety Communication Committee, or on a Site Committee. Time spent by these individuals in such capacities shall be considered to be paid work time. In addition, no bargaining unit employee who has served as an advisor or representative shall be subject to discrimination or retaliation because of such activities.

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

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

Section 16.3 Health and Safety Focal Points.

The Union and the Company will designate a health and safety focal point for each site or facility. The Union will designate a business representative, Health & Safety Institute Union administrative staff or appropriate delegate as the Union's focal point. The Company will designate the appropriate site safety manager as the Company's focal point. The focal points will be the contact for occupational health and safety issues at such site or facility. In addition, the Union focal point will represent the Union at health and safety regulatory agency site reviews requiring Union participation, including walk-around inspections and complaint investigations.

Section 16.4 Use of Safety Devices.

16.4(a) The Company will furnish proper and modern safety and sanitary devices (except eyeglasses ground and fitted to individual requirements) for all employees working on potentially hazardous work. It shall be mandatory for all employees to use such devices when the Company determines that they are necessary. The Company shall replace any Company approved employee provided prescription safety glasses or steel-toed approved

safety shoes accidentally and irreparably damaged while performing their job assignment if the employee's own negligence or lack of care was not a primary factor.

16.4(b) The Union and the Company have a longstanding commitment to individual employee safety and regulatory compliance. This commitment extends to issues regarding personal protective equipment and safety devices and the value of working together to create an injury-free workplace. To further their commitment, the parties have agreed that the IAM/Boeing Health and Safety Institute and the Company will develop/maintain a process that will provide employees up to ~~\$50.00~~ \$75.00 per year towards the purchase of ~~steel-toed~~ approved safety shoes where such shoes are mandatory due to regulatory compliance or Company directive. ~~The reimbursement process will be developed and implemented on or before November 1, 1999.~~

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

The Health and Safety Institute Site Committees shall work closely with employees and management to find solutions to health and safety issues and concerns. To that end, the parties agree that the preferred process for addressing the health and safety matters is the SHEAR process. SHEARs are a tool that formally allows the employee, manager, SHEA, HSI, and other parties, as needed, to work together to resolve health and safety concerns and document the solutions. Further, it is the intent of the parties to immediately resolve safety-related problems at the location where the safety or health concern arises; therefore, the parties encourage the appropriate management and the Union Steward to be an integral part of the resolution process. A copy of the closed SHEAR form shall be furnished to the chairperson of the appropriate Site Committee and the safety office.

Section 16.6 Requirement of Medical Examination.

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

to active employment, such involuntary separation from the payroll or such other adverse action.

Section 16.7 First Aid.

16.7(a) The Company will maintain registered nurses or qualified first aid attendants, emergency first aid stations, and emergency first-aid service to care for employees in case of accidental injuries at the Seattle-Renton, Portland and Wichita Primary Locations.

16.7(b) The Company will maintain emergency first aid service at other locations unless such service is available from military or other sources.

16.7(c) When an employee at work requires immediate medical attention by a private medical practitioner or at a hospital due to an industrial injury/illness or exposure to hazardous agents in the work environment, and the employee is not able to provide his own transportation, the Company will provide the transportation to and from the employee's normal work location. If such an employee is returned to his work location too late to use his normal transportation home, the Company will provide that transportation.

Section 16.8 Medical Recommendations.

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

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

16.8(b)(1) Upon the employee's return to work, the employee's community Health Care Provider's statement including the date the employee is released to return to work, and the employee's functional capabilities;

16.8(b)(2) To report for reevaluation when the period of a time-limited medical recommendation has elapsed, with a statement from the employee's community Health Care Provider regarding the functional capabilities if available;

16.8(b)(3) A statement by the employee's community Health Care Provider pertaining to his medical condition, or change to such condition, including a statement of the employee's functional capacities.

If the Company's Health Care Provider agrees that the medical condition of the employee warrants the initiation, removal or modification of a medical recommendation, such action will be taken. A medical recommendation placed in an employee's folder will be removed when the medical recommendation expires, or is discontinued by the Company's Health Care Provider.

Section 16.9 Employees with Injuries or Illnesses.

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

16.9(a) An employee who is unable to perform his job because of injury or illness may be reclassified to another job title that he is qualified and able to perform subject to the employee's medical recommendations or shall be reclassified to a job in which he has established surplus rights (Category A, downgrade, and reclassification) in Article 22 subject to the employee's medical recommendation.

16.9(b) Employees whose initial reclassification under 16.9(a) is to a lower graded job shall receive the rate of pay for the job he would have held under Article 22 but for an industrial injury or illness, subject to the maximum of the labor grade he held immediately prior to the reclassification. This pay rate protection shall begin on the date when (1) the employee is reclassified to a lower graded job, (2) the employee's worker's compensation claim is either accepted by the Company or determined by the State to be compensable, or (3) December 14, 1995, in the case of employees receiving pay rate protection under the parties' previous agreement, and shall end five years later or at the employee's return to his former job or labor grade, if earlier. In the case of items (1) and (2), pay protection will begin on the latter of the two dates.

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

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

Section 16.10 Union Liability to Employees.

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

Section 16.11 Disputes.

Disputes concerning the Health and Safety Institute or its operations may be referred to the Governing Board for final resolution. No matter involving Sections 16.1 through 16.5 shall be subject to the grievance and arbitration procedure of Article 19 of this Agreement.

ARTICLE 17 APPRENTICES

Section 17.1 Apprentice Rates.

Rates of pay for apprentices shall be as follows:

	<u>Base Rate</u>
1st six months (1000 hours)	\$18.56 <u>20.87</u>
2nd six months (1000 hours)	\$19.44 <u>21.82</u>
3rd six months (1000 hours)	\$20.27 <u>22.71</u>
4th six months (1000 hours)	\$21.14 <u>23.64</u>
5th six months (1000 hours)	\$21.96 <u>24.52</u>
6th six months (1000 hours)	\$22.82 <u>25.44</u>
7th six months (1000 hours)	\$23.69 <u>26.38</u>
8th six months (1000 hours)	\$24.55 <u>27.29</u>
*9th six months (1000 hours)	\$26.23 <u>29.10</u>
*10th six months (1000 hours)	\$27.07 <u>29.99</u>

*Applicable only to Tool and Die Maker/Deep Draw Apprentice Program

The base rates set forth above shall be adjusted in the same manner set forth in Sections 6.3(b), including the application of Section 6.4.

Section 17.2 Apprentice Agreements.

The Apprentice Agreement first executed October 27, 1939 and approved by the Washington State Apprentice Council November 6, 1939, and as amended effective April

20, 1978, shall be applicable within the State of Washington only, and the Apprentice Agreement executed February 10, 1988, and approved by the State of Oregon Apprenticeship and Training Council June 9, 1988, shall be applicable at Boeing of Portland, Multnomah County, Oregon only, and the Apprentice Agreement executed November 1, 2001 with the State of Kansas Apprenticeship Council shall be applicable within the State of Kansas only. ~~Either~~ These Agreements may be extended to other Company locations by later mutual agreement of the Company and the Union. The Apprentice Agreements, as now applicable, and any extended application of either of them by later agreement of the parties shall not contravene the provisions of this Agreement.

ARTICLE 18 STRIKES AND LOCKOUTS

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

ARTICLE 19 GRIEVANCE PROCEDURE AND ARBITRATION

Section 19.1 Establishment of Grievance and Arbitration Procedure.

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

Section 19.2 Employee Grievances.

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

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

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

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

The business representative shall submit the written statement of grievance to the supervisor for reconsideration, with a copy to the designated representative of the Company. After such submission the supervisor and the business representative may, within the next five (5) workdays (unless mutually extended), settle the written grievance and, over their signatures, indicate the disposition made thereof. Otherwise, promptly after the expiration of such five (5)-day period (or agreed extension thereof) the supervisor and the business representative shall sign the grievance, with the supervisor indicating the basis for denying the grievance, and their signatures will indicate that the grievance has been discussed and reconsidered by them and that no settlement has been reached.

STEP 3. Written Grievance: Handling at Business Representative-Company Representative Level. If no settlement is reached in Step 2, within the specified or agreed time limits, the business representative may at any time thereafter submit the grievance to the designated representative of the Company. After such submission the designated representative of the Company and the business representative may, within the next ten (10) workdays (unless mutually extended), settle the grievance and, over their signatures,

indicate the disposition made thereof. Otherwise, promptly after the expiration of such ten (10)-day period (or agreed extension thereof) the designated representative of the Company and the business representative shall sign the grievance, with the designated representative indicating the basis for denying the grievance, and their signatures will indicate that the grievance has been discussed and reconsidered by them and that no settlement has been reached.

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

Section 19.3 Dismissals, Suspensions, Layoffs, Etc.

In cases of layoff, or of dismissal or suspension for cause, or of involuntary resignation, the employee shall be given a copy of the layoff, suspension or termination of service slip, as the case may be, if he is available to be presented with such copy. If he is not available, copies of the slip will be sent to the employee and to the Union office. The employee shall have the right to appeal the action shown on the slip providing the business representative files a written grievance, beginning at step 3, with the designated representative of the Company within seven (7) workdays after the date of layoff, dismissal, suspension for cause or involuntary resignation, or within seven (7) workdays after the date of the mailing of the copy of the slip, provided, however, that any dismissal or suspension of an employee who has committed a sex crime victimizing a child or children shall be deemed to be for cause and shall not be subject to the grievance and arbitration procedure of this Article 19. The written grievance then may be processed through subsequent steps.

Section 19.4 Union Versus Company and Company Versus Union Grievances.

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

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

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

19.4(c) The correction sought.

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

Section 19.5 Retroactive Compensation.

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

Section 19.6 Selection of Arbiter - By Agreement.

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

Section 19.7 Selection of Arbiter - From Arbitration Panel.

Immediately following execution of this Agreement the parties will proceed to compile a list and agree upon three (3) separate panels of arbiters, one (1) panel each for Seattle-Renton, Portland, and Wichita. Each panel shall be comprised of five (5) arbiters and, insofar as practicable, the arbiters on each panel shall be located in the general vicinity of the location identified with the title of their panel. If a case reaches Step 4, and the parties are unable to agree to an arbiter within the time limit specified in Section 19.6, the case shall be heard and settled by an arbiter on the panel geographically identified with the grievance, if available. An available arbiter is one who is available to conduct a hearing within sixty (60) days (unless mutually extended) after expiration of the time limit specified in Section 19.6. Assignment of cases to arbiters on each panel shall be rotated in the alphabetical order of the last names of those available on the panel.

Section 19.8 Procedure Where Corporate Panel Arbiter Not Available.

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

person shall be the arbiter. The right to strike the first name from the panel shall be determined by lot.

Section 19.9 Arbitration - Rules of Procedure.

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

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

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

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

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

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

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

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

Section 19.10 Extension of Time Limits by Agreement.

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

Section 19.11 Agreement Not to Be Altered.

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

Section 19.12 Conferences During Working Hours.

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

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

For any period that the business representative is unavailable to serve in that capacity under this Article 19, he may designate an accredited steward or another accredited business representative to act for him, as his designee. As to each such period of unavailability, authorization of the designee will be accomplished by the business representative informing the appropriate Company representative of the expected period of the business representative's unavailability and naming the designee. When the business representative again is available to perform his duties under this Article 19, he shall promptly notify the Company representative of the fact and such notice will terminate the period during which the designee is authorized to act.

Section 19.14 Signing Grievance Does Not Concede Arbitrable Issue.

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

Section 19.15 Union Jurisdictional Claims.

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

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

19.15(b) If the Company and the Union are unable to agree upon the contents and scope of the record to be presented to the arbiter, either party may present to the arbiter whatever evidence, testimony and written argument it deems relevant to the question to be submitted to the arbiter. A written summary of such evidence, testimony and written

argument will be submitted to the other side at least ten (10) days in advance of the hearing.

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

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

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

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

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

ARTICLE 20

QUALITY THROUGH TRAINING

Section 20.1 Mutual Objective.

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

Section 20.2 IAM/Boeing Quality Through Training Program.

20.2(a) Purpose. It is the intent of the parties to develop and implement a wide variety of mutually agreeable training, education, and learning programs and services as well as support for other joint activities. These activities will include efforts to ensure union and management representatives are trained in participative, cooperative techniques and concepts. Therefore, the IAM/Boeing Quality Through Training Program (QTTP) exists to support the parties' mutual objectives and will target training ~~in the following areas:~~

- (1) for employees who may be impacted or their job duties and responsibilities affected by technology changes and/or job combinations;
- (2) for employees who wish to meet their individual career/personal development goals;
- (3) for laid off employees to enable them to become better qualified for employment within or outside the Company;
- (4) for employees who are involved in High Performance Work Organizations (HPWO) as directed by the National Governing Board; and
- (5) to enhance employee workplace knowledge and skills (academic, employability, occupational and technical).

20.2(b) IAM/Boeing Joint Programs National Governing Board and Executive Directors. General direction and guidance of the IAM/Boeing Quality Through Training Program (QTTP) shall be the responsibility of the IAM/Boeing Joint Programs National Governing Board (Governing Board) as described in the parties' Letter of Understanding No. 31, entitled Administration of Joint Programs, and the parties' Letter of Understanding No. 20, entitled Expenditure of Funds under Article 16 and Article 20. The Governing Board's responsibilities also include determining the extent to which funding should be expended on paid time training for employees who may be impacted by technology changes and job combinations. Oversight of day-to-day operations of QTTP and coordination of QTTP administrative staff activities, as directed by the Governing Board, shall be the responsibility of the IAM/Boeing Joint Programs Executive Directors as described in the parties' Letter of Understanding No. 31.

20.2(c) IAM/Boeing Quality Through Training Program (QTTP) Administrative Staff. The IAM/Boeing Quality Through Training Program (QTTP) Administrative Staff shall be, comprised of six (6) individuals named by each party. At least one (1) representative of each party shall be from the Wichita Primary Location and one (1) representative of each party will serve as Co-Director. There will be one additional administrator from each party located in Portland that will provide support for both the IAM/Boeing Health & Safety Institute and the IAM/Boeing Quality Through Training Program. Staff will be assigned and located geographically. In support of the QTTP purpose as outlined in Section 20.2(a), the staff will be responsible for developing, recommending, and

implementing training programs which may be site specific or program wide, including (1) identifying areas of skills which will be required by the Company in the future and develop courses to provide those skills; (2) establishing education and training programs so that participants can become aware of growth opportunities, identify their career/personal development goals and create action plans to reach those goals; (3) developing criteria for selecting candidates for training; (4) establishing criteria to determine successful completion of the courses; (5) developing a system to record successful completion for future consideration; and (6) developing a system to accomplish referrals between Primary Locations. The recommended training program will be developed, to the extent feasible, to be compatible with the Company's existing training programs. The staff will also have responsibility for:

- (a) reviewing and making decisions regarding training delivery systems (e.g., technical schools, community colleges, home study programs, in-plant skill centers, etc.);
- (b) evaluating the effectiveness of such training programs and courses and the delivery systems utilized;
- (c) developing a program to inform active and laid off employees about the availability and purpose of the training programs and encouraging employees to participate in and successfully complete the available training; and
- (d) investigating the availability of state and federal funds which could be used to augment training placement, relocation and support services for active and laid off workers.

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

20.2(d) Training Programs. QTPP will develop, provide and/or deliver industrial skills and other targeted training that impacts IAM bargaining unit employees. QTPP will provide the necessary support for the training with appropriate technical skills and resources to include such activities as curriculum development, train the trainer, classroom instruction, and new creative/innovative training and learning methodologies. QTPP will coordinate, to the maximum extent possible, the use of existing resources within the Company that add value, meet employee education and learning needs, and ensure that training is of the highest quality and enhances critical job skills. QTPP will also identify education, training and retraining needs by working together with line organizations, union representatives, and subject matter experts.

20.2(d) Training Programs. OTTP, by working together with line organizations, Union representatives, and subject matter experts, will identify education, training and retraining

needs to support IAM bargaining unit employees. QTTP will design, develop and implement training education and learning strategies to support those needs by working closely with the appropriate organizations both within and outside the Company.

Program activities may include:

- (1) identifying areas of skills which will be required by the Company in the future and develop courses to provide those skills;
- (2) establishing education and training programs so that participants can become aware of growth opportunities, identify their career/personal development goals and create action plans to reach those goals;
- (3) developing criteria for selecting candidates for training;
- (4) establishing criteria to determine successful completion of courses;
- (5) developing a system to record successful completion for future consideration.

The recommended training programs will be developed, to the extent feasible, to be compatible with the Company's existing training programs.

In order to accomplish these activities the QTTP staff will:

- (1) make decisions regarding training delivery systems/processes (e.g., technical schools, community colleges, home study programs, in-plant skill centers, etc.),
- (2) evaluate the effectiveness of such training programs and courses and the delivery systems utilized,
- (3) develop communication programs to inform active and laid-off employees about the availability and purpose of the training programs and encourage employees to participate in and successfully complete the available training, and
- (4) investigate the availability of state and federal funds which could be used to augment training, placement, relocation and support services for active and laid-off workers.

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

20.2(e) Consideration Upon Completion. Although there will be no guarantee that employees successfully completing training under QTTP will be offered a different job or

~~reemployed by the Company, successful completion will be taken into account on a first consideration basis by the Company when openings occur.~~

20.2(e) Apprenticeship. As approved by the National Governing Board, QTTP will support Apprenticeship programs. IAM/Boeing Apprenticeship programs in Kansas will be under the direction of the Joint Apprenticeship Committee and administered by QTTP.

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

20.2(g) Disputes. Disputes concerning QTTP or its operation or the selection of candidates may be referred to the Governing Board for final resolution. No matter involving QTTP will be subject to the grievance and arbitration procedure of Article 19 of this Agreement.

Section 20.3 Tuition Fees.

The payment of tuition/fees (to the extent such payment is not available from a governmental agency) will be provided for an employee who voluntarily participates in a course or training program ~~offered~~ approved by QTTP. ~~or Company-approved non-Company school or training organization.~~

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

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

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

20.3(a)(3) For any participating employee who is eligible for educational expense reimbursement from a governmental agency, reimbursement will be reduced by the amount of reimbursement that the employee is eligible to receive from such agency.

ARTICLE 21 MISCELLANEOUS

Section 21.1 Inventions.

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

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

Section 21.2 Sabotage.

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

Section 21.3 Nondiscrimination.

All terms and conditions of employment included in this Agreement shall be administered and applied without regard to race, color, religion, national origin, status as a disabled or Vietnam era veteran, age, gender, or the presence of a disability, except in those instances where age, gender, or the absence of a disability may constitute a bona fide occupational qualification. If administration and application of the contract is not in contravention of federal or state law such administration or application shall not be considered discrimination under this Section 21.3. Notwithstanding any other provision of this Section 21.3 or of this Agreement, a grievance alleging a violation of this Section 21.3, shall be subject to the grievance procedure and arbitration of Article 19 only if it is filed on behalf of and pertains to a single employee. Class grievances based on alleged violation of this Section 21.3 shall not be subject to the grievance procedure and arbitration under Article 19 of this Agreement.

Section 21.4 Masculine - Feminine References.

In construing and interpreting the language of this Agreement, reference to the masculine, such as "he", "him", and "his", shall include reference to the feminine.

Section 21.5 Security Interviews.

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

Section 21.6 Employee Assistance.

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

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

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

Section 21.6(c) Joint Company-Union Alcohol and Drug Dependency Program. The parties recognize that drug and alcohol usage can adversely affect an employee's job performance and the maintenance of a safe and productive work environment and can undermine public trust and confidence in the Company's products. Accordingly, they agree to cooperate in substance abuse awareness and education. This will be in conjunction with the Joint Company-Union Alcohol and Drug Dependency Program. The details of the Program are described in the parties' Letter of Understanding No. 7, entitled Joint Company-Union Alcohol and Drug Dependency Program.

Note (not intended as contract language): The Company appreciates that the parties are at odds over the interpretation and application of section 21.7. It is the Company's view that this re-draft of section 21.7 captures the original intent of the current 21.7, in terms of the oversight role of the joint team, the make/buy evaluation role of the Union Site Representatives, and information sharing. This re-draft seeks to balance the Union's interest in retaining jobs with the Company's ability to offer jobs as it struggles to compete and survive in the current economic environment and the world marketplace. This redraft is intended to clarify the language of 21.7 for application to real-world situations faced by the Company. The current 21.7 provides a framework for Union input into subcontracting and

offloading decisions that needs to be fleshed out, and the Company invites Union suggestions on how this might be done.

Section 21.7 Subcontracting.

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

The parties ~~agree to form~~ have formed a joint team to ~~evaluate~~ oversee, upon the Union's request, significant subcontracting and offload proposals (those affecting at least 10 employees) and to determine whether a financially and strategically justifiable basis exists either to keep work within the Company or return work to a Company facility covered by this Agreement. The joint team will consist of the IAM's overall Boeing coordinator and the Vice President of ~~Operations~~ Manufacturing and Quality. To assist in the ~~evaluation-oversight~~ process, ~~primary location teams composed of equal numbers of Union and Company representatives will be chartered~~ Union Site Representative (six in Puget Sound, two in Wichita, and one in Portland). ~~These teams will work with~~ actively participate in the Company's ~~work transfer teams~~ Work Transfer Group's studies, for the purpose of reviewing and recommending, early in the business case analysis, subcontracting or offloading alternatives that are financially and strategically sound.

To enable the ~~teams~~ Union Site Representatives to suggest alternatives that would allow the retention of work within the bargaining unit, the Company will, at least one-hundred eighty (180) days prior to signing the subcontract or offloading the work, provide notice to the Union of plans to subcontract or offload work then being performed by bargaining unit employees. The notice will include the reason for the planned subcontracting or offloading. The Company will provide the Union Site Representatives with the information used by the Company's Work Transfer Groups to and documents necessary for the team to make an assessment of the relative costs of subcontracting, offloading, or performing the work in the bargaining unit. The Union will keep confidential, and not

disclose, any information provided pursuant to this Section 21.7 which the Company designates as not subject to disclosure.

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

- (a) Decisions made primarily for strategic considerations ("strategic work placement") such as decisions to place work with foreign suppliers (1) for purposes of forming or continuing key strategic alliances, (2) for gaining potential access to a key market, (3) for entering risk sharing arrangements, or (4) because of condition of sale placements as described in Letter of Understanding XX;
- (b) Decisions arising from a merger, sale, transfer, or other disposition of a plant or facility or operating unit thereof;
- (c) Decisions to subcontract or offload work due to lack of capability or capacity, or to prevent production schedule slippage;
- (d) Decisions to temporarily onload work or to temporarily subcontract or offload work due to emergent short-term needs; or
- (e) Decisions to consolidate work for efficiency or strategic reasons in a Company facility not covered by this Agreement.

In the event of a decision described in (a) through (e) above, the Company will notify the Union as soon as practical of the decision and the reasons for the decision.

Anything in this Section 21.7 to the contrary notwithstanding, it is agreed that under and included within the meaning of Article 2 of this Agreement that the Company has the right to subcontract and offload work, to ~~enter strategic work placement and military~~ make and carry out decisions in (a) through (e) above, to enter offsets and offset arrangements (as described in Letter of Understanding XX)

, and to designate the work to be performed by the Company and the places where it is to be performed, which rights shall not be subject to arbitration.

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

Section 21.8 Pilot Projects.

Section 21.8(a) Objective. The Union and the Company agree that it is in their best interest to stimulate and support long-term, broad changes aimed at improving the quality of work life and productivity. This can be accomplished best by active involvement of

the Union and the Company in planning, developing, implementing and evaluating innovative programs to further these aims. Accordingly, the parties shall:

Review and evaluate pilot projects involving innovative approaches in the workplace and provide for their implementation, operation and assessment;

Assure that pilot projects provide for employee and Union involvement through the establishment of joint pilot project committees to oversee project implementation, operation and assessment;

Review experiences of other employees and unions with similar activities and provide for dissemination of information;

Assess the impact on the pilot projects of existing work practices including, but not limited to, job security, compensation, job descriptions/classifications, training, and work schedules;

Following implementation and assessment of a pilot project, review the feasibility of broader application; and

Select consultants and other outside experts by mutual agreement.

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

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

Section 21.8(d) Disputes Concerning Pilot Projects. No dispute concerning a pilot project or this Section 21.8 shall be subject to the grievance and arbitration procedure of Article

19 of this Agreement except for a dispute alleging a violation of a Pilot Project Agreement or the approval or termination of a pilot project.

Section 21.9 Technology Briefings.

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

During these briefings, the Company will inform the Union of anticipated schedules of introduction of new technology, and will identify areas of skill impacts. In addition, when the Company intends to implement a technological improvement in its tools, methods, processes, equipment or materials which could have an impact on the work performed by bargaining unit employees, the Company will advise the Union of the nature and location of such technological changes and the extent to which they may affect the work performed by those employees.

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

ARTICLE 22 WORKFORCE ADMINISTRATION

Section 22.1 Definitions.

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

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

22.1(a)(1) who have worked under or been assigned to the open job title or higher classification thereof on other than a "temporary promotion" basis for ~~thirty (30)~~ ninety (90) or more calendar days within or immediately

prior to the following time periods preceding the date of selection of an eligible individual to fill the open job title:

- A. for employees with five (5) or more years seniority, a six-year period;
- B. for employees with three or more but less than five years seniority, a five-year period;
- C. for employees with one or more but less than three years seniority, a three-year period;
- D. for employees with less than one year seniority, a one year period; and

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

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

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

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

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

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

22.1(b) CATEGORY B - Refers to those qualified employees:

22.1(b)(1) who are currently assigned to and have worked in the next lower step in the normal line of promotion for which the opening exists for

the ninety (90) calendar days immediately preceding the selection of an eligible individual to fill the open job title, and

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

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

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

22.1(c) DOWNGRADE - Refers to the reclassification of an employee to a lower labor grade.

22.1(c)(1) EMPLOYEE REQUESTED DOWNGRADE - refers to a downgrade initiated by the employee. (An employee who expresses a desire for an employee-requested downgrade may have his steward or business representative present during any formal discussion of the proposed action.)

22.1(d) EFFECTIVE APPLICATION - Refers to an application for work in an open job title by an employee at his assigned primary or remote location or by an employee on layoff at the primary or remote location from which he was most recently assigned. Such application shall become effective within five workdays after it is received by Personnel Records. Category B applications will remain in effect until cancelled or changed at the employee's request, or until such time as the employee is reclassified to the job title, or the employee rejects an offer of a job for which he has filed or the employee is relocated to a different primary location covered by this Agreement, whichever occurs first. Category A applications will remain in effect for the duration of Category A eligibility unless cancelled or changed at the employee's request, or until such time as the employee is returned from layoff, or the employee is reclassified to the job title, or the employee rejects an offer of a job for which he has filed or the employee is relocated to a different primary location covered by this Agreement, whichever occurs first. An employee shall automatically be considered as having filed a Category A application to the job title from which he was surplus for thirty calendar days following the date on which he was surplus. An employee who rejects a job offer for which he has lateral or downgrade rights and elects layoff may not file a Category A application, to the job offered and rejected. If such rejection of job offer does not result in layoff, there will be no requirement that he again be considered for that job title unless the employee refiles an application at any time ninety (90) or more calendar days after he declines the job offer.

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

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

22.1(f) JOB TITLE or JOB - Refers to, as a composite unit, The Boeing Company title, number, seniority progression indicator, and description of the job.

22.1(g) JOB FAMILY - Refers to two or more jobs having the same job title number, except for that part of the job title number that identifies the labor grade level of the job.

22.1(h) LATERAL RECLASSIFICATION - Refers to the reclassification of an employee from one job title to another job title in the same labor grade.

22.1(i) LATERAL TRANSFER - Refers to the transfer of an employee from one organization to another without change of job title.

22.1(j) NORMAL LINE OF PROMOTION - Refers to the channel of promotion established by the Company from one job title to another, within the same job family. A complete initialed and dated list of job titles as of the effective date of this Agreement has been furnished to the Union, and the Company has retained a copy of such initialed and dated list. The channels of promotion as established by the Company are in accordance with such list.

22.1(k) NORMAL LINE OF PROMOTION DESIGNATED CANDIDATES - Refers to a less senior employee selected to fill a normal line of promotion opening. Normal line of promotion designated candidates will be limited to one (1) percent of the bargaining unit headcount at Seattle-Renton, Wichita and Portland, determined separately on January 1 and July 1 of each year for use during the succeeding six month period. The promotion of designated candidates is not subject to the grievance and arbitration procedure.

22.1(l) OPEN JOB TITLE - Refers to a job title in which the Company determines, subject to Section 22.7, that additional employees are needed in excess of those to assigned to such job title:

22.1(l)(1) by returning employees from leave of absence; or

22.1(l)(2) by reclassifying apprentices; or

22.1(l)(3) by lateral transfer; or

22.1(l)(4) by lateral reclassification; or

22.1(l)(5) by transferring employees involving lateral reclassifications; or

22.1(l)(6) by downgrading or demoting employees on the active payroll;
or

22.1(l)(7) by temporary promotion; or

22.1(l)(8) by transferring employees from one Primary Location or Remote Location to another Primary Location or Remote Location; or

22.1(l)(9) by returning employees to the bargaining unit from non-supervisory positions outside the bargaining unit; or

22.1(l)(10) by emergency classification.

22.1(l)(11) by returning employees from disability retirement or who have been demoted or laid off due to the employee's medical recommendation.

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

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

22.1(n) ORGANIZATION - Refers to a alpha/numerically identified segment of the Company.

22.1(o) PROMOTION - Refers to the action of the Company in moving an employee from his current labor grade to a higher labor grade.

22.1(p) SURPLUS - Refers to an action involving reduction in force within a job title which action results in a layoff or downgrade of affected employees.

22.1(q) TEMPORARY PROMOTION - Refers to a promotion remaining in effect for a period of not more than 30 consecutive calendar days, or for 90 consecutive calendar days if the promotion is a direct replacement for an employee on medical leave of absence, travel assignment, or temporary supervisory assignment, or for such longer period as may be designated by mutual agreement between the Company and the Union. The Union Business Representative shall be provided with notification of temporary

promotions that are estimated to be in effect for thirty (30) or more days prior to or coincident with the effective date of such promotions. The foregoing time period limitation will not apply in instances where an employee is on travel assignment. Repetitive temporary promotions shall not be used to fill a permanent job opening.

22.1(r) EMPLOYEE REQUESTED TRANSFER (ERT) SYSTEM— A system which allows Company employees to be considered for open job titles and lateral transfers within the bargaining unit. A pool of candidates will be established through application of minimum criteria developed through the Quality Through Training Program.

Section 22.2 Surplusing Procedures - "Retentions" - Definition.

The surplusing procedures later specified in this Article 22 make various references to the use by the Company of "retentions." A "retention" is the retaining, in a job title in which a surplus has been declared by the Company, of an individual whose seniority position would have caused him to have been surplused while some other employee or employees with greater seniority are surplused. In each instance the retained employee will be designated, at the time the retention is used, to be retained in the job title rather than to have him affected by the surplus action. The retained employee shall be notified of his retention status and shall retain that status for the remainder of the six-month period in which he is so designated unless such designation, within such period, is cancelled or is reassigned by the Company to a more senior employee in the same job title. Also, prior to the time that any further surplus is declared in such job title, and whether within such six-month period or thereafter, the retaineé (or, after such six-month period, the previous retaineé) may be replaced in the job title by a more senior employee concurrent with the latter's downgrade to the job title. If such replacement occurs within the six-month period, the Company shall be required to transfer such retention status to the downgraded senior employee. In instances where the replaced employee is not a current retaineé, the most junior employee will be replaced. The Union will be notified of retention usage and may appeal to the Corporate Director of Union Relations any perceived misapplications of this retention procedure. The Director of Union Relations will have thirty (30) days to review the facts and correct any misapplications of this procedure.

Section 22.3 Surplusing Procedures - Number of Retentions Allowable.

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

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

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

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

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

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

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

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

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

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

Section 22.5 Surplusing Procedures - Order of Surplusing.

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

Section 22.6 Surplusing Procedures - Rights as to Downgrade.

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

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

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

The foregoing will apply providing work is being performed in such lower job title applicable to 22.6(a) above or in the job title applicable to 22.6(b) above and providing further that his seniority entitles him to such placement when compared with the seniority of employees (other than retainees or stewards) in such job titles or of those employees who are Category A candidates for such job titles. If such an employee rejects a job offer for which he has downgrade rights and prefers layoff, he can so elect but he relinquishes Category A rights, to the job offered and rejected. When there is no such lower job title or where his seniority at the time does not entitle him to placement referred to in 22.6(a) or 22.6(b) above, he may be downgraded to any offered job title he will accept, or laid off. Reclassifications involving employees and the rights of such employees in connection with surplus procedures will be subject to the Category A rights of others to the extent provided in Section 22.7.

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

Section 22.7 Surplus Procedures - Preferential Rights as to Certain Category A Employees.

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

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

22.7(b) Junior employees moved into the job title on a temporary basis by lateral assignment, reclassification or downgrade for not to exceed 30 calendar days. This thirty-day period relating to each individual assignment on a temporary basis cannot be extended by the assignment of another employee to the job title on a temporary basis. The Union will be notified of each such assignment or reclassification.

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

22.7(d) Junior employees who are assigned to emergency classification to a different occupation or job family for not to exceed 60 calendar days.

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

22.7(f) Employee, senior due to the accumulation of bargaining unit seniority, returning to the bargaining unit from a supervisory or non-supervisory position.

Section 22.8 Surplus Procedures - Temporary Layoffs.

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

Section 22.9 Recall Procedures - Order of Recall of Category A Employees from Downgrade or Layoff.

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

Section 22.10 Rules Relating to Lateral Transfers and Reclassifications.

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

22.10(a) The Company may make lateral transfers (no change in job title) from one organization to another without limitation, except that junior employees may not be transferred to a location for which there are senior employees with Category A rights.

22.10(b) The Company may make lateral reclassifications from one job title to another, or may make downgrades from one job title to another, subject only to the limitations of Section 22.7 of this Article 22 relating to preferential rights as to certain Category A employees.

22.10(c) An employee who has been reclassified to the job title within the preceding eight year period shall, in the event of surplus action affecting him, be afforded the right to return to one of the other job titles in a job family in which he has worked during the eight year period described above, providing he worked in that job title or family for ninety (90) or more calendar days within or immediately prior to such eight-year period,

and has greater seniority than another employee (not a retaineer or steward) in that job title. Reclassifications involving employees and the rights of such employees in connection with surplus procedures will be subject to the Category A rights of others to the extent provided in Section 22.7. An employee who rejects such an offer shall have the right, upon their request, to be reclassified to a job title to which the employee has established downgrade surplus rights described in Section 22.6. Such employee shall be considered an employee accepting a downgrade and shall be eligible for the provisions of Article 6, Section 6.3(d) – Rate Retention and this Article 22. Such employee will not be eligible to file an effective application for Category A for the rejected job.

22.10(d) Any employee who is laterally reclassified by the Company and is within the following 90 days found by the Company unqualified (for reasons other than not being "physically qualified"), to perform his new assignment shall be (1) assigned to other work in the same labor grade or (2) given the opportunity of returning to his former job title, providing, as to (2), that he worked in the former job title for 30 days or more within the year preceding the reclassification to the new job and his seniority will support his return to the former job title.

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

Section 22.11 Promotional Procedures - Order of Filling Openings.**

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

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

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

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

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

The foregoing procedure, 22.11(b), shall apply unless such an employee is considered to be unsuitable because of physical limitations or because the employee does not possess the required program access credentials. Where such employees are considered to be unqualified, a memorandum will be prepared setting forth the reason the employee is unqualified. Two copies of such memorandum will be sent to the Vice President of Corporate Union Relations or his delegate, for transmittal to the Personnel Section. One copy will be filed in the employee's organizational folder. Where an employee is

considered to be unqualified for promotion, he shall be so notified in writing and shall be considered for promotions to subsequent openings under the same procedures when the factors which caused him to be considered as unqualified no longer exist or have no bearing on the subsequent openings.

Section 22.12 Promotional Procedures - Graduate Apprentices

22.12(a) Employees, who successfully complete the requirements of graduation from the Joint Apprenticeship program, shall be immediately promoted to (1) the designated target job title of such program, or in the case of the Machinist Joint Apprenticeship Program, to (2) one of the designated target job titles, subject only to the following:

22.12(a)(1) Graduate Apprentices, upon graduation from the Joint Apprenticeship Program, shall be deemed to have met the qualifications of Section 22.6 and Section 22.10 for establishing downgrade or lateral reclassification rights to the designated target job title provided they are otherwise qualified.

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

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

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

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

22.12(a)(6) Graduate Apprentices not assigned to the target job title upon graduation from the Machinist Joint Apprenticeship Program, who are limited due to the provisions specified in Section 22.7 of this Article 22 relating to preferential rights of certain Category A employees or who have been assigned to a higher graded job than the target job title shall be designated one of the target job titles by the Corporate Vice President of Union Relations or his delegate to one of the Machinist target jobs and shall be deemed to have met the qualifications of 22.1(a)(1) and shall be considered as Category A for return to such job title provided they are otherwise qualified.

NOTE: Entry into the Apprenticeship Program will be considered a promotion for the purpose of establishing rights under the terms of Article 22. Apprentices will also be eligible for any Category A, lateral reclassifications or downgrade rights they may qualify for under the terms of the Collective Bargaining Agreement.

22.12(b)(1) Target job titles of the Joint Apprenticeship Program for Tool Maker, Maintenance Machinist, Model Maker, Tool and Die Maker, Tool and Cutter Grinder, N/C Spar Mill Operator, Electronic Maintenance Technician and Tooling Inspector are as follows:

Apprentice Job Number	Apprentice Job Title	Target Job Number	Target Job Title
A12XX	Apprentice 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	74510 76010	Tool and Die Maker/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
A23XX	Apprentice Electronic Maintenance Technician	87510	Electronic Maintenance Technician

22.12(b)(2) Target job titles of the Joint Apprenticeship Program for Machinist are as follows:

Apprentice Job Number	Apprentice Job Title	Target Job Number	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

Section 22.13 Promotional Procedures - Effect of Refusing Promotion.

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

Section 22.14 Review of Selection of Designated Candidates.

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

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

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

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

22.14(b)(2) The request for review must be filed within seven workdays after the promotion is published in The Boeing News or posted on the Company's bulletin boards.

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

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

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

22.14(b)(6) An applicant to an opening which opening is away from his primary or remote location is not eligible to file a request for review.

Section 22.15 Rules for Resolving Requests for Reviews.

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

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

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

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

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

22.15(e) There shall be a Review Board or Review Boards to hear and determine requests for review at various Company locations. At primary locations, the Review Board(s) will meet at least once a month; a Review Board at a remote location will meet as necessary, but no later than 30 days after a request for review is filed.

22.15(f) Each Review Board shall consist of three members: one appointed by the Union, one appointed by the Company, and a chairman whose selection shall alternate between the Union and the Company for each review.

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

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

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

22.15(j) The decisions rendered by each Review Board shall be based exclusively on evidence, testimony and information submitted to the Board prior to and at the meeting, and the burden of proof shall be upon the senior employee to establish that he is qualified.

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

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

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

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

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

Section 22.16 Special Provisions in Regard to Remote Locations.

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

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

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

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

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

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

22.16(c)(3) An employee who is transferred to a Remote Location from a Primary Location, and is subsequently subject, as a result of surplus, to a layoff or downgrading, to a labor grade lower than that specified in A and B below, may (subject to the Category A rights of others to the extent provided in Section 22.7) elect to be returned to such Primary Location, to a labor grade not lower than the lowest labor grade of the following:

A. The lowest labor grade he held at any Remote Location subsequent to his most recent transfer from a Primary Location;

B. The labor grade to which he was assigned at his Primary Location immediately prior to transfer to a Remote Location.

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

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

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

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

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

Section 22.18 Miscellaneous.

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

22.18(a) Transfer into or out of unit.

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

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

22.18(a)(3) An employee returning from the active management (supervisory) payroll of the Company, and who is accumulating seniority or who has accumulated seniority in accordance with Section 14.1(b) will be returned to the job last held (if populated) or another job of the same labor grade. In exceptional cases, he may be returned to a higher labor

grade job in the same job family as the job he last held, but such exception shall require concurrence by the Union.

22.18(b) Subject to the terms and conditions of this Agreement, and to the extent not covered by such terms and conditions, the procedures and rules relating to employees shall be determined by the Company. At least annually, the employee's supervisor will discuss with him such things as his proficiency and development.

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

22.18(c)(1) If he is on layoff, he will lose seniority unless 22.18(c)(3) or 22.18(c)(4) applies.

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

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

22.18(c)(4) If he is on layoff and is advised by the Company that the job identified with the opening is estimated to be for less than ninety (90) calendar days duration, the employee may reject such offer and maintain, irrespective of the actual duration of the job, his Category A effective application for that job title. His application shall not be effective for the following 30 day period for other openings estimated to be for less than ninety (90) calendar days duration.

22.18(d) If an individual is on layoff but has not made an effective application and is offered recall to the job title from which he was most recently laid off, such individual will lose his seniority if he fails to accept such recall.

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

22.18(f) An employee who has taken a disability retirement, or who has been demoted or laid off due to a medical recommendation, and whose medical condition subsequently

improves sufficiently to allow him to perform the required work, shall be (1) returned to his former job title provided he returns within five (5) years of the date he last worked in that job title, or (2) returned to a job title, subject to the employee's medical recommendation, for which he has established surplus rights (Category A, downgrade, reclassification, etc.) in Article 22. The foregoing will apply provided work is being performed in such job title and provided further that his seniority entitles him to such placement when compared to the seniority of employees (other than retainees or stewards) in such job title. If his seniority is not sufficient to return him to his job title, he will be granted Category A status subject to the provisions of Section 22.1. His Category A status will commence on the date he would have been subject to surplus action or the date on which his medical condition is sufficiently improved to allow him to perform the required work, whichever occurs first.

22.18(g) Whenever practicable, affected employees will be given at least 24 hours notice prior to layoff.

ARTICLE 23 LAYOFF BENEFITS

Section 23.1 Establishment of Plan.

The Company will establish a Layoff Benefit Plan to provide for lump sum or income continuation benefits as set forth in this Article. Such Plan will apply to employees who are laid off with an effective date on or after September 2, ~~1999~~2002.

Section 23.2 Eligibility.

All bargaining unit employees who have at least one (1) year of Company service and who are involuntarily laid off from the Company (other than a temporary layoff under Section 22.8, but including employees laid off because of declining a downgrade offer as allowed under Section 22.6) are eligible to receive the benefit described in Section 23.3; provided, however, the following employees shall not be eligible for the benefit: employees who upon their layoff become employed by a subsidiary or affiliate of the Company; employees who are laid off from the Company because of a merger, sale or similar transfer of assets and are offered employment with the new employer; employees who are laid off because of an act of God, natural disaster or national emergency; employees who are laid off because of a strike, picketing of the Company's premises, work stoppage or any similar action which would interrupt or interfere with any operation of the Company; and employees who terminate employment for any reason other than layoff, including, but not limited to, resignation, dismissal, retirement, death, or leave of absence.

Section 23.3 Amount and Payment of Benefit.

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

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

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

23.3(b)(ii) Subject to continuation of the Plan, no employee shall be paid income continuation benefits more than once during any three (3)-year period; provided, however, if an employee is re-employed by the Company before payment of the employee's total income continuation benefit and is subsequently laid off in such three (3)-year period under conditions which make the employee eligible for a benefit, any unused benefit will be payable to the employee under the procedures established by this Article.

Section 23.4 Benefit Not Applicable for Other Purposes.

Periods for which an employee receives income continuation benefits shall not be considered as compensation or service under any employee benefit plan or program and shall not be counted toward Company service. Benefits under this Article may not be deferred into the Voluntary Investment Plan and shall be excluded from bargaining unit gross earnings for purposes of Letter of Understanding No. 40 of this Agreement.

Section 23.5 Continuation of Medical Coverage.

In the event of layoff, medical coverage for employees and dependents will continue until the employee is covered by any other group medical plan either as an employee or as a

dependent, but in no event beyond six (6) months after the date of layoff. Required contributions, if any, must be paid during any period of such continuation of coverage.

**ARTICLE 24
DURATION**

This Agreement shall become effective as of the beginning of first shift on September 2, ~~1999~~ 2002 (which date is the date as of which this Agreement was executed, sometimes referred to as the "effective date of this Agreement") and shall remain in full force and effect until midnight at the close of September 1, ~~2002~~2005, and shall automatically be renewed for consecutive periods of one year thereafter (after September 1, ~~2002~~2005), unless either party shall notify the other in writing, at least sixty days but not more than seventy-five days prior to September 1st of any calendar year, beginning with ~~2002~~2005, of its desire to terminate the Agreement, in which event this Agreement shall terminate at midnight at the close of such September 1st, unless renewed or extended by mutual written agreement. In the case of such notice the parties agree to meet immediately thereafter for the purpose of negotiating a new agreement or a written renewal of this Agreement.

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

By _____

By _____

Overall Boeing Coordinator
Aerospace Department

Vice President Human Resources

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

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

DISTRICT LODGE NO. 24,
IAM&AW, AFL-CIO

By _____

By _____

DISTRICT LODGE NO. 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 to the plan:

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 regular job, he shall be paid at the higher rate for each day or major fraction thereof that he 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.
4. An employee normally will perform some of the work of higher rated jobs and some of the work of lower rated jobs in the performance of his work assignment. The normal duties of any employee may include:
 - a. Assistance to others, including demonstration of work to be performed and explanation of work area procedures. This does not imply that the employee providing the assistance is responsible for the quantity or quality of work of the employee being assisted.
 - b. The use of proper hand and power tools and special shop equipment required to facilitate the work assignment.
 - c. The submission of his completed work assignment or any portion thereof to inspection.
 - d. The reporting of any job handicaps such as errors in materials, assembly procedures, tools, etc., in accordance with shop procedure outlined by supervisor.
5. Work assignments shall be in accordance with established job descriptions. This shall not restrict the right of the Company to alter work functions or to formulate new job procedures and begin work thereon in accordance with Article 13 - Labor Grades - Identification and Application Of. The Company shall have the right to make work

assignments and require the employees to comply with such assignments. This shall not prevent the employees and/or the Union from processing complaints or grievances arising from alleged misassignments in accordance with Section ~~13.13~~13.14 of the Agreement.

6. An employee is required to perform the work operations and duties described in or appraised as being covered by his job description with only a normal amount of guidance.

7. Webster's New International Dictionary, Third Edition Unabridged, by G. & C. Merriam Company and the Glossary of Terms and Phrases will be used to establish the meaning of words and phrases used in the job description.

GLOSSARY OF TERMS AND PHRASES

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

1. Adapt

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

2. Angle, Compound

The angle between the two non-coinciding sides of the two oblique angles which are in different planes and have a vertex and one side in common. (Making a compound angle usually presents a coordinating tolerance problem since it results from holding two adjoining component angles within tolerances. After the compound angle is formed, its measurement with protractor, square or sine bar is exactly the same as for any other angle and no more difficult.)

3. Assembly Jigs

Jigs which facilitate holding and aligning a set of parts or assemblies for fabrication or assembly operations.

4. Check, Functional

To determine whether a unit or portion of a system performs the function for which it is intended and, if not, whether rework or alteration is required. Checks of this nature include checking lines for leaks, making buzzer, bell or other continuity checks, and checking response to controls as on landing gear.

5. Check, Operational

To make a complete check of an entire completed independent system. (An operational check always takes place on a completely assembled aircraft, missile, space vehicle or marine craft. Examples: checking the complete electrical system or hydraulic control system on a completed aircraft. It implies the necessity of a thorough knowledge of the shop theory involved.)

6. Composites

Parts made of two or more distinguishable material components either metal and/or nonmetal processed under heat and/or pressure to achieve a desired configuration.

7. Contour (Curvature)

A curved surface having radii of different lengths all of which lie in parallel planes or the same plane, such planes being perpendicular to the curved surface, or a curved line having radii of different lengths all of which are in the same plane. The surface of a cone, a typical airfoil surface, the curved edge of a profiled plate and the curved layout line guiding the making of a router block are examples. Contour surfaces composed of sections of cylinders and edges whose profile is a section of a circle are excluded since the radii are the same length.

8. Contour, Compound (Curvature)

A curved surface having radii of different lengths which lie in nonparallel planes. Compound curvatures are typical of stretch press and drop hammer dies. The surface of a sphere or section thereon would be a regular compound curvature and is excluded.

9. Curvature, Reverse (Contour)

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

10. Coordinated Tolerances, Coordinated Dimensions

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

11. Data Input

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

12. Data Retrieval

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

13. Developmental or Experimental Parts

Parts intended for use on an experimental or developmental aircraft, missile, space vehicle or marine craft, *i.e.*, one of a few aircraft designated as being actually or potentially subject to major modification or change. These aircraft, missiles, space

vehicles, or marine craft are usually produced singly or in small lots using standard tooling, improvised tooling, newly constructed production tooling or no tooling. Use of this term in a job description does not imply a particular level of difficulty unless such intention is clearly and specifically indicated.

14. Draw, Deep

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

15. Drawing Metal

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

16. Electronic Systems

Systems utilizing interrelated devices constructed or working by the methods or principles of electronics.

17. Experimental Work, Developmental Work

Experimenting with the process or operation (assembly and/or fabrication) in order to develop new or improved methods, or building or making new assemblies and installations where exercise of a thorough knowledge of shop theory involved is necessary and further is a recognizably difficult assignment which requires ingenuity to accomplish the assignment satisfactorily. It does not include work done by a usual or established process or operation on a part even when such part is on or will later be used on an experimental or prototype product.

18. Hand Tools

Hand tools normally used by the workmen in the performance of their occupation, such as files, rasps, deburring tools, chisels, saws, hand drills, screwdrivers, wrenches, mallets and punches.

19. Layout

The actual marking of locating and reference points and lines on the material, part, tool, fixture, jig or assembly worked on. (Layout in itself does not imply a high level of difficulty of skill since it can be a simple work operation such as measuring a length on a piece of lumber and marking a line or point at which it is to be sawed, marking lines on pavement with a chalk line preparatory to painting, or scribing around a furnished template on flat stock. On the other hand, layout can be a difficult work operation which requires much skill, knowledge, and experience to make the necessary computations, part

setup, precise measurements and markings, and interpretation of complex blueprints such as on a complex die or casting requiring layout to establish locations for coordinated hole patterns, compound angles and/or irregular curvatures.)

20. Layout of Part

Marking of points and lines which will determine the exact nature and dimensions of the part after machining or fabrication operations have been performed. (Layout of this nature is an integral and necessary step in the fabrication of the part.)

21. Lead

On the part of any classified employee to delegate as authorized, a portion of his allocated work to employees assigned to work with him and pass on sufficient information to enable those employees to accomplish their work in a manner that will result in economy, quality and efficiency.

Employees classified on jobs which include lead responsibilities will:

(a) Make detailed work allocations as instructed by the supervisor, in conformance with the classifications of employees being led, but will not make basic work assignments which affect the classification of employees.

(b) Be responsible for furnishing sufficient and accurate information to assigned employees.

(c) Interpret information, answer questions, review, check work and eliminate ordinary difficulties.

(d) Perform the other "Determining Duties and Responsibilities" specified in assigned classification.

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

22. Multi-Dimensional Measurement Systems

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

23. Pickup

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

24. Plan Sequence of Operations

To devise and develop, subject to supervisory approval, a method of fabrication, assembly, installation progression, testing or inspecting, etc., for an employee's given work assignment whereby subject work will be accomplished in the most practical, expedient and efficient manner in keeping with quality standards. It is intended to relate solely to the employee's work operation and does not encompass the progression of the work order to or through the department.

25. Production Aids

Devices such as temporary jigs and fixtures made by the worker to facilitate work operations, increase production or reduce elements of fatigue or strain. Production aids made into permanent tools will be checked and identified by tooling organizations.

26. Program

A sequence of instructions that directs a computer to perform specific operations to achieve a desired result.

27. Repair

To restore a part or assembly to its original state or utility after it has been damaged by accident or by wear. It does not have the same meaning as "Rework."

28. Rework

To undo and then do over work previously accomplished in order to correct errors or make it conform to specifications. (Rework can be simple or difficult according to its nature and variety, therefore, the level of difficulty intended is to be determined from the composite job description.)

29. Setup

A broad term which becomes specific only according to its usage and application to machines and/or operations concerned. It includes the various necessary physical work

operations or steps (other than layout) which must be accomplished before actual fabrication can proceed. (Setup of a machine might include securing material to machine bed at the proper angle for cutting, selecting, aligning and setting cutting tool setting speeds and feeds, and adjusting coolant flow.) In most assembly operations, setup (e.g., positioning parts) is so closely intermingled with fitting and joining together that setup is not customarily designated as such. This is generally true of operations where machine operation is not the primary job factor.

30. Shop Practice

The generally accepted method of performing a basic, common, or usual operation under specific conditions. It covers the knowledge which is common to the occupation itself and to most manufacturing shops using the operation under consideration. Besides the knowledge and ability to use required hand tools and equipment, it includes knowledge of general safety practices, conduct, rules of cleanliness, neatness, good housekeeping and care of equipment. Used in the phrase "shop practices and procedure," practice need not imply other than practices or methods learned or acquired at any one shop.

31. Shop Procedure

The way custom and management require, wish or specify that the work be performed. It includes the organizational and Company rules, procedures and policies made known to the employee for his information and expected compliance. It covers or implies having sufficient knowledge of organization, management, and physical details of the Company to perform satisfactorily the required work in a generally harmonious manner.

32. Shop Theory

The comprehensive craft knowledge and special skills associated with the particular trade and related trades without which advanced work of high quality, quantity and uniformity may not be performed. A thorough knowledge of shop theory is considered necessary to accomplish the more difficult and diversified work of an occupation and includes a real understanding of the capacities as well as limitations of the machines and skills used in the trade. It implies a knowledge of "why" as well as "how" a given task should be done. It is acquired by a combination of observation, experience and schooling.

33. Software

A collection of programs, routines, and sub-routines that facilitate the programming and operation of a computer to include documentation and operational procedures.

34. Tooling, Standard

Those tools or tooling used on the same or different types of machines or operations, principally in making a setup for either layout or machining and occasionally for bench or assembly work and which further are found commonly in nearly all shops and industries

performing similar operations. (In the machine shop it would include Vee-blocks, parallel bars, angle plates, chucks, collects, machine vises, a wide variety of clamps, bolts, locks and wedges. In bench or assembly work it would include surface plates, table vises, and various common attachments used on portable and stationary tools to permit holding the work or increasing the scope of the tool.)

LETTER OF UNDERSTANDING NO. 1
SUBJECT: DATA REPORTS TO BE PROVIDED TO THE UNION

The Company will continue to provide those data reports to the Union which were being provided during the prior bargaining agreement, subject to such revisions in the future as may be made by mutual agreement of the parties.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 2
SUBJECT: FACILITIES MAINTENANCE SUBCONTRACTING

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

In addition, the Company agrees that employees in Facilities Maintenance and General Construction organizations as of September 2, 1999, will not be laid off as a direct result of Facilities Maintenance or General Construction subcontracting. This restriction does not apply in the event of a merger, sale, transfer, or other disposition of a plant or facility or operating unit thereof, or to temporary subcontracting necessary because of required equipment overhaul or repair, labor disruptions, or events beyond the control of the Company (acts of God, natural disasters, equipment failure, major accidents, etc.). In lieu of layoff, employees will be retrained and reassigned for available work outside the Facilities Maintenance and General Construction organizations.

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

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

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 3
SUBJECT: UNION INTERVIEW OF NEW EMPLOYEES

It is recognized by the Company that the Union has an interest and responsibility in explaining the function of the Union in a collective bargaining relationship and the advantages of membership in the Union. The Union is also aware and has agreed that solicitation of membership cannot be conducted during working time due to the interference and disruption that could result in working schedules. To accommodate both viewpoints and assure that an ample opportunity exists for the Union to explain their role in the bargaining relationship while preserving minimal interference in the Company's working schedule the following procedure will be utilized:

1. At an appropriate time following the Company interview, all individuals employed into the IAM bargaining unit will be directed to an IAM & AW representative who is present in the Employment Office.
2. The following message will be used by the Company representative to introduce the IAM & AW representative:

"The Union representative wishes to explain their designation as your bargaining agent, your opportunity for membership, and the payroll deduction of dues for members."
3. The Union representative will advise the employees that membership in the IAM & AW is voluntary and not a required condition of employment.
4. Both the Company and the Union agree to cooperate in the implementation and administration of this procedure. Neither party will interfere, restrain or coerce employees and both parties agree to use good judgment in all words and actions during this procedure.
5. The Union agrees to minimal interference with the new employee employment processing and the Company agrees to refrain from any actions or statements which could adversely reflect upon the Union.
6. The Union agrees to pay their representative's time allotted by this procedure and to have sufficient representatives present during normal working hours.

7. With the implementation of the procedure for the interview of new employees it is agreed that any existing or contemplated arrangements for

permitting the Union to explain membership to applicants or hires is no longer valid and will be cancelled.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 4
SUBJECT: EMPLOYEES ON OVERSEAS ASSIGNMENT

Employees on overseas assignment who perform production work will continue to accumulate seniority during such period of assignment without regard to their payroll classification while on such assignment. If such an employee, at the time of such assignment, had on file with the Company an effective authorization for Union dues deduction, the Company will continue to make such Union dues deductions during such period, and the Union agrees to save the Company harmless from any claim for damages on the part of any employee so affected.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 5
SUBJECT: ESTABLISHMENT OF JOBS TO COVER NEW, SUBSTANTIALLY CHANGED, OR COMBINED WORK FUNCTIONS

The purpose of this letter is to set forth the procedure to be followed when the Company determines it is necessary to combine jobs or establish a job or jobs to describe new or substantially changed work functions in accordance with the provisions of Article 13 of the Collective Bargaining Agreement of this date.

1. Company representatives identified with the appropriate unit (as defined in Section 1.1 of the Agreement) will prepare job descriptions and discuss such descriptions with Union representatives of the appropriate unit as provided in Section 13.5. In the event it is necessary to assign employees to the new or substantially changed work functions prior to the establishment of the job or jobs, Section 13.6 will apply.
2. The Company's Corporate Vice President, Compensation will transmit a draft copy of the proposed job or jobs to the Union representative designated by the International

Association of Machinists and Aerospace Workers, AFL-CIO, to receive such information.

3. Following transmittal of the proposed job or jobs to the designated Union representative, the job or jobs will be established by written notification from a Company representative to a Union representative identified with the unit where the job or jobs are to be established.

4. Union inquiries or grievances as provided for in Article 13 will be received and processed by Company and Union representatives identified with the particular collective bargaining unit defined in Section 1.1 of the Agreement in which the job or jobs have been established.

5. After determination of training requirements, the company shall provide a documented training plan to the union at the time of installation. The Company agrees to begin documented training for the affected employees to perform any newly defined tasks within 45 calendar days of installation. Preference will be given to senior employees when possible.

Dated: September 2, ~~1999~~2002

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 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 and employees are reclassified laterally to an existing job title.

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 and employees are reclassified to more than one new classification in different labor grades, Category A rights will apply to the job title in the lower labor grade.

Dated: September 2, 19992002

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:

I. The following are basic essentials for an effective alcohol and drug dependency program:

A. Participation in the program by an individual employee must be voluntary and will be kept confidential to preserve the employee's privacy.

B. Effectiveness of the program is directly dependent upon the degree to which the employee affirmatively seeks such voluntary participation.

C. 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.

D. 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.

II. The program is divided into the following stages:

A. Identification.

- B. Evaluation.
- C. Treatment.
- D. Return to work.

III. Identification.

A. Identification of an employee as having an alcohol or drug problem which interferes with job performance or attendance can occur in several ways:

1. The individual employee acknowledges the problem and so advises a Company or Union representative.
2. Company management or Union representatives become aware of the employee's performance or attendance problems and have some reason to believe the problems are alcohol or drug related.

B. At this stage, a brief counseling session attended by the employee, his/her supervisor and, if agreeable to the employee, his/her personnel representative and Union representative, should be arranged and the following items covered: (If the employee so desires, a separate, private counseling session with his/her Union representative can be utilized as an alternative to the Union representative's participation in the supervisor's counseling session with the employee.)

1. The program shall be clearly explained to the employee.
2. The facts that participation is purely voluntary and will be kept confidential should be emphasized.
3. It should be stressed that the extent of the employee's alcohol or drug problem, if any, has not yet been determined.
4. The employee should be advised that normal disciplinary action appropriate for his/her job performance or attendance problems may be held in abeyance so long as he/she cooperatively participates in the program, provided no further performance or attendance problems occur.
5. The session will conclude by advising the employee that, if agreeable, an appointment will be arranged with the Company Medical Department for a medical evaluation of the problem.

IV. Evaluation.

A. Because alcohol and drug problems vary considerably (their causes are innumerable, they may be temporary or of long duration, they may be acute or chronic, they may or

may not involve serious physical deterioration), it is imperative that the scope of the employee's problem must be medically evaluated at the outset.

B. At the appointment with the Company Medical Department, the employee will be advised that:

1. Evaluation of his/her alcohol or drug problem can be conducted by his/her selection of one of the following:

(a) Company Medical Department.

(b) Any one of a list of outside community resource organizations mutually agreed upon by the Company and the Union.

(c) His/her personal selection of a medical expert in the field who is satisfactory to the Company and the Union.

2. The results of the evaluation will become part of the employee's Company medical record and will be provided to the employee and, if agreeable to him/her, to the Union.

3. If the evaluation concludes that the employee does not have a significant alcohol or drug problem requiring further treatment, no further participation in the program is required.

4. If the evaluation concludes that the employee has an alcohol or drug problem requiring treatment, such treatment by an outside organization or medical expert from a list agreed upon by the Company and the Union will be arranged by the Company Medical Department.

5. The employee's participation in such treatment is voluntary. However, if the employee refuses such treatment, or fails to cooperate in its successful completion, any disciplinary action for his/her job performance or attendance problems which has been held in abeyance may be taken.

V. Treatment.

A. When the Evaluation Report indicates that treatment is necessary and the employee agrees in writing to participate, the Company's Medical Department will:

1. Arrange with the employee and the selected treatment agency a schedule for treatment; and

2. If necessary for treatment, arrange with the employee's Company organization a leave of absence under Section 15.1(a)(1) for the period of the treatment.

B. If the employee continues to work during treatment, he/she will be subject to normal rules of conduct and performance.

VI. Return to Work.

A. If a leave of absence is required for the treatment of the employee's alcohol or drug related condition, the employee's return to work must be approved by the Company Medical Department.

B. Such approval will depend, in large measure but not exclusively, on the recommendation of the outside treatment agency or expert as to the employee's successful completion of the treatment.

C. An employee's failure to successfully complete the recommended course of treatment may result in termination of employment unless, in the opinion of the Company Medical Department, the employee is able to return to work.

VII. Costs incurred by the employee for medical evaluation and treatment will be reimbursed under the Company's Group Insurance Program subject to the requirements and limitations of that Program.

VIII. The Company and the Union are interested in exploring the desirability of organizing a Boeing Chapter of Alcoholics Anonymous comprised of eligible hourly employees who could provide counseling and other essential supporting services to employees participating in this program.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 8
SUBJECT: ADMINISTRATION OF THE RETIREMENT PLAN

~~(1) The Company shall have the right to unilaterally make any changes in actuarial assumptions and funding methods, provided such changes are determined by the Plan's enrolled actuary to be reasonable in the aggregate.~~

~~(2) The Company shall be entitled to unilaterally adopt such amendments to the Plan as may be required in order to obtain any approval referred to in Section 10.1 and described in Section 10.2 of the Agreement.~~

~~Dated: September 2, 1999~~ 2002

LETTER OF UNDERSTANDING NO. 9
SUBJECT: AOG ASSIGNMENTS

Boeing Commercial Airplane Group employees on emergency field assignments relating to airplane on ground (AOG) involving overnight travel from their home location to a location where the Company has not established an operation, and when such travel is covered by the Company's Business Travel procedures, shall not be subject to the provisions of Sections 5.3, 6.9 and 6.10 of the Agreement.

The employee's work schedule status will be as follows:

- (1) No shift identification will be assigned.
- (2) The workweek will be from 1:00 a.m. Monday to 1:00 a.m. the following Monday.
- (3) Monday through Friday will be designated as regular workdays.
- (4) Saturday will be designated as the first day of rest and Sunday will be designated as the second day of rest.

Wage payment basis will be as follows:

- (1) The employee shall receive at least eight hours pay at labor grade 8 for each regular workday on which the employee works or is available for work.
- (2) The employee's regular rate shall include his or her base rate plus the applicable Cost of Living rate and the non-regular workweek premium rate of 75¢ per hour.
- (3) For the first eight hours worked on other than a day of rest, the employee shall be paid at his or her regular rate.
- (4) For time worked in excess of eight hours on other than a day of rest, the employee shall be paid at his or her regular rate for one and one-half times the hours worked through the first two hours and double the hours continuously worked thereafter.
- (5) For time worked on the first day of rest the employee shall be paid at his or her regular rate for one and one-half times the hours worked through the first eight hours of work and twice the hours continuously worked thereafter.

(6) For time worked on the second day of rest the employee shall be paid at his or her regular rate for twice the hours continuously worked.

(7) For Company holidays which occur during a travel assignment employees shall receive eight hours' holiday pay, and in addition, for time worked on a holiday, the employee shall be paid at his or her regular rate for twice the hours worked.

The following telephone and laundry allowance will be authorized:

(1) An employee will be authorized to telephone his home at Company expense in accordance with applicable Company policy. Where available, the Company's BTN system will be used. When necessary to use conventional long-distance service, the employee will be reimbursed for the cost of the call, provided the call is of reasonable duration.

(2) An employee on a travel assignment will be reimbursed for the cost of any laundry service which is reasonable and necessary in accordance with applicable Company policy.

The Union may designate, from among the employees on an assignment covered by this Letter of Understanding, one employee as a steward; however, the provisions of Article 4 of the Agreement shall not apply to such steward. The Union shall notify the Company in writing of such designation.

Employees returning from such a travel assignment will be allowed twelve hours between time of arrival at the home terminal, or clearance from U. S. Customs in the case of employees returning from international locations, and the start of their next regular shift assignment. Employees will be granted leave with pay for any unworked portion of their assigned shift which falls within this twelve-hour period provided they report for work at the applicable time so described in this provision. Exception to the above provision will be in the case where the twelve-hour period extends beyond the end of the employee's regularly scheduled lunch period, in which case the employee will not be required to report for work and will be paid for the entire shift.

Employees on intercontinental travel assignments for which time enroute exceeds twelve continuous hours will not be required to work their regular shift on the date of departure and will receive a minimum of eight hours pay for that day. When travel time enroute to a customer work location exceeds twelve continuous hours, a minimum of twelve hours rest will be provided prior to beginning work whenever possible within customer required schedules.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 10
SUBJECT: CORPORATE JOBS

The Company shall establish and maintain Corporate job codes for all job classifications covered by the parties' Collective Bargaining Agreement of this date. The Corporate job codes shall be used in the Seattle/Renton, Wichita and Portland Units represented by the IAM. A Job List - Existing Jobs will be prepared, effective September 2, 1999, showing the Corporate job code and title for each job classification and will indicate the jobs that are authorized as of that date for use in each of the respective units.

The Job List will also show the corresponding Wichita code for each job authorized as of that date for use in that unit. The Wichita job code will be used for all employee transactions, records, and reports in that unit. The Corporate job code will be shown in the upper right hand area of Wichita job descriptions and the corresponding Wichita job code will be shown in the lower right hand area of Wichita job descriptions.

It is understood that, as a result of the Company's sole right to organize work and determine job duties, work may be organized so that between units similar work functions and activities will be designated by different titles and descriptions.

It is also understood that the Company in organizing a new work activity, may install in a particular unit those Corporate jobs, authorized for another unit, that describe the work to be performed.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 11
SUBJECT: CORPORATE JOBS COMMITTEE

The purpose of this letter is to define the objectives of the joint Union/Company Corporate Jobs Committee.

1. The Corporate Jobs Committee shall consist of not more than six representatives appointed in writing by the Union's Corporate Coordinator and not more than six representatives appointed in writing by the Company's Vice President of Union Relations. This committee may be comprised of representatives from the Puget Sound, Wichita, and Portland primary locations. The Union and the Company will each appoint a chair of its group. Recognizing that recommendations by the committee can have a significant impact on the job classification structure throughout all primary locations, it is expected that appointed members of the committee are to participate fully in all committee activities as defined by the respective chairs.

The committee shall, as determined jointly by its chairs, study the job classification system established by Article 13 of the parties' collective bargaining agreement in order to maintain the integrity of the system and to develop and implement plans for change that will provide job enhancement, employment security and productivity improvements. Such activities may include but are not limited to:

Developing innovative job structure proposals.

Deactivating zero or minimally populated jobs.

Combining jobs by placing similar work in similar job classifications.

Developing new jobs and revisions to existing jobs to accurately reflect organization of tasks.

Establishing like classifications and titles for all locations covered by the agreement where work responsibilities are the same.

3. If a committee member is required to visit a primary location to fulfill a Corporate Jobs Committee commitment, the appropriate committee members shall be notified and participate as appropriate in any business involving that visit.
4. The committee shall report to the Union and the Company on the job classification system, together with the suggestions of the committee members for changes thereto. The results of the committee's work will be available to the Union and the Company to facilitate future negotiations.
5. The chairs may, from time to time, jointly recommend the adoption by the Union and the Company of changes in the job classification system. Such recommendations, however, shall be wholly advisory and shall not reopen the collective bargaining agreement or affect Article 2 thereof.
6. To create a proper environment for the committee's work, the committee's proceedings shall not be used as the basis for, nor as evidence in, any proceedings under Article 19 of the parties' collective bargaining agreement.
7. The committee shall function through the life of the bargaining agreement.
8. The Union and the Company chairs will establish the committee meeting locations, schedules, and procedures. The Union and the Company shall bear the expenses of their respective committee members and shall share equally in all other costs incurred by the Committee.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 12
SUBJECT: OVERTIME

It is understood that the authority of the Company to require overtime work, established by Section 6.10 of the Collective Bargaining Agreement, is necessary for business planning and meeting operational objectives. The parties recognize, however, that the exercise of this authority may affect employee productivity.

Accordingly, the Company and the Union agree, subject to the exceptions noted below, that the authority conferred by Section 6.10 of the Agreement shall hereafter be limited as follows. No employee shall be required, and need not be permitted, to work overtime in excess of the following limits:

a. Quarterly Limit

- The limit shall be ~~144~~one hundred twenty-eight (128) overtime hours in any budget quarter;

b. Weekend Limit

- The limit shall be two consecutive weekends;
- ~~Employees who have worked two consecutive weekends may volunteer~~ to work overtime on the following weekend;
- Overtime work on either a Saturday and a Sunday, or on a Saturday or a Sunday, shall constitute a weekend worked;
- The limit for overtime on a Saturday or a Sunday shall be 8 hours.

c. Holidays

- All overtime on a holiday as set forth in Section 7.1 of the parties' Collective Bargaining Agreement or on the weekend which immediately precedes a Monday holiday or immediately follows a Friday holiday shall be voluntary.

All overtime in excess of the above limits shall be strictly on a voluntary basis and no employee shall suffer retribution for his refusal or failure to volunteer. An employee may be required to perform overtime work beyond the above limits where necessary for delivery of an airplane which is on the field, for customer-requested emergency repair of delivered products, or for Government DX or Government DO rated orders. In addition, an employee may be required to perform overtime on a holiday or on the weekend which

immediately precedes a Monday holiday or immediately follows a Friday holiday where necessary for facilities maintenance.

The Company will brief the Union semi-annually of its anticipated program scheduling and its forecasted overtime requirements.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 13
SUBJECT: MEANING OF SECTION 19.3 OF COLLECTIVE BARGAINING
AGREEMENT

The Union and the Company have agreed in Section 19.3 of the Collective Bargaining Agreement that any dismissal or suspension of an employee who has committed a sex crime victimizing a child or children shall be deemed to be for cause and shall not be subject to the grievance and arbitration procedure of Article 19. This agreement is based on both parties' recognition of (1) the growing awareness and abhorrence in our society of crimes victimizing children, and (2) the deleterious effect the presence in the work force of perpetrators of such crimes would have on the efficiency and morale of employees of the Company and on the reputation of the Company and its products.

The Union and the Company further agree as follows:

1. For purposes of Section 19.3 of the Collective Bargaining Agreement and this Letter of Understanding, the term "sex crime victimizing a child or children" includes rape, sexual assault, statutory rape, incest, child molestation, child pornography, public indecency, indecent exposure, indecent liberties, communications with a minor for immoral purposes, promoting prostitution, and similar crimes as defined in the jurisdiction in which the offense is committed, where the victim of said crime(s) is under the age of 18 years at the time of the commission of the crime(s). An employee shall be considered to have committed such a crime if the employee is convicted of the crime, or if the employee enters a special supervision program pursuant to a deferred prosecution arrangement relating to the crime.
2. The provision of Section 19.3 of the Collective Bargaining Agreement referred to herein and this Letter of Understanding shall not be deemed to define "cause" or to affect Article 19 in any other respect whatsoever, and shall not be introduced or relied upon in any arbitration or other proceeding involving the parties which does not deal with the suspension or dismissal of an employee who has committed a sex crime victimizing a child or children.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 14
SUBJECT: TIME LIMITS IN SECTION 19.3

The parties agree that the seven workday time limit for filing of a written grievance in the case of dismissals or suspensions shall be interpreted as follows:

1. If the Union's Business Representative, within seven workdays from the date of the suspension or dismissal, calls the Company's Union Relations office to request to review the employee's folder, the Business Representative shall have seven workdays after he reviews the folder in which to file a written grievance.

2. If no written grievance is filed during the additional seven workday period specified in paragraph 1, the matter is closed, provided, however, that if the Business Representative, within the additional seven workday period, informs Union Relations that he has decided not to file a grievance, the matter will remain open for fourteen more workdays to allow the employee to appeal the Business Representative's decision. If the employee does not appeal, the matter is closed. If the employee does not appeal, but no written grievance is filed within the additional fourteen workday period, the matter is closed.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 15
SUBJECT: DUES DEDUCTION AUTHORIZATION FOR WICHITA UNIT

I hereby assign to Aeronautical District Lodge No. 70 of the International Association of Machinists and Aerospace Workers, and authorize and direct The Boeing Company to deduct from wages due me each month, commencing with the month of _____, ~~1920~~, my monthly dues for membership in, and/or financial support of, said District Lodge in accordance with the Constitution of the International Association of Machinists and Aerospace Workers and communicated to said Company, and all amounts as provided for during any month by the collective bargaining agreement or amendments between the Company and the Union then in effect. This assignment and authorization shall also include an initiation or reinstatement fee in the amount of \$_____, which is to be deducted from wages due me in the month of _____, ~~1920~~. These deductions shall be made payable to, and be remitted to the Secretary-Treasurer of said District Lodge.

This assignment and authorization shall be irrevocable for a period of one year from the date hereof or until the termination date of any applicable collective bargaining agreement, whichever occurs sooner, and shall automatically be renewed as an irrevocable assignment and authorization for successive yearly or applicable collective bargaining agreement periods thereafter, whichever is the lesser unless I give written notice, by certified mail, of revocation to The Boeing Company and the Union not more than twenty (20) and not less than five (5) days prior to the expiration of each yearly period or of each applicable collective bargaining agreement, whichever comes sooner.

I expressly agree this assignment and authorization is independent of, and not a quid pro quo for, union membership and shall continue in full force and effect even if I resign my membership in the Union, except if properly revoked in the manner prescribed above.

Employee Signature

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 16
SUBJECT: JOINT COMMITTEE ON HEALTH CARE COSTS AND QUALITY

The Company and the Union are committed to ensuring that employees have access to cost effective, quality health care coverage. Because of their ongoing concern about the quality of health care and costs, the parties agree to a Joint Committee on Health Care Costs and Quality. The Committee will have an equal number of representatives, including a co-chair, from each party. When appropriate, health care experts and representatives from the Company's health plans will be invited to attend Committee meetings. Each party may have their benefits consultants and advisors attend Committee meetings. The Committee will meet at least twice each year to discuss issues related to the health care program. The Committee also will meet with health care providers to express the parties' interest in obtaining quality health care at affordable prices. Among the topics that the parties will consider and discuss are:

- ~~Costs under the Traditional Medical Plan and coordinated care plans~~
Company's medical plans.
- Overall plan design.
- Efficient use of health care resources by consumers.
- Cost management programs to address specific cost areas, including:
 - Disease management of selected high-cost chronic diseases.
 - Targeted health risk assessment.

- Catastrophic case management.
- Pharmaceutical management.
- Measurement tools for evaluating health plans' and providers' efficiency, including but not limited to programs of the National Academy of Sciences and National Quality Forum as well as accreditation from a nationally recognized group such as the National Committee for Quality Assurance (NCQA) or the Foundation for Accountability (FACCT).
- Benchmark data from other employers.
- Opportunities to work with other employers, unions or other parties interested in obtaining quality health care at affordable prices.

The Company and the Union also will undertake initiatives to expand health care plan accountability for quality. Among these initiatives will be:

- ~~Provider performance reporting (Quality Scorecards) of standardized quality measures drawn from NCQA, Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and Peer Review Organizations (PRO) on quality and efficiency to encourage use of the highest quality providers, including those who meet the highest patient safety standards.~~
- Provider programs focused on specific high-yield quality innovations shown to substantially improve patient safety.
- Computerized physician order entry. Physicians will be required to enter prescriptions into a hospital database to screen for inappropriate medications and dosages and avoid potential adverse drug reactions/interactions.
- Evidence-based hospital referral. Physicians will be required, where practical, to guide patients to facilities with superior outcomes (linked to significantly lower patient mortality).
- ~~Closed ICU physician staffing. Where available, only ICU physicians who are critical care specialists will provide ICU medical care in these units, using their particular expertise in critical care.~~

To encourage plan participants to use the highest quality health care available, it is the intent that the Company will provide education to employees regarding the effectiveness of physicians, hospitals and other health care providers as it becomes available. In recognition that reliable provider performance data is currently not collected and available, the Company will update the Committee from time to time on its progress in obtaining and sharing such data.

The Company and the Union are committed through these and other initiatives to improve quality and maintain reasonable costs, and they will recognize and endorse contracting decisions with physicians, hospitals and health plans based on compliance with these joint initiatives.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 17
SUBJECT: SECTION 6.10(b) OF COLLECTIVE BARGAINING AGREEMENT

The Company and the Union agree that Section 6.10(b) of their Collective Bargaining Agreement shall be administered as follows:

1. With respect to Section 6.10(b)(1), the Company's practice is to seek volunteers for the advance scheduling of overtime within the shop and shift. However, the parties agree that an exception may be made for certain assignments where the employee regularly assigned to either the job, crew or position is the appropriate individual to perform the work of the overtime call-out. Therefore, the parties agree that in order to insure that the employee regularly assigned to either the job, crew or position is designated to work the overtime pursuant to Section 6.10(b)(1)(a) only when he is the appropriate individual, such designation may be made only if it is approved by the superintendent or his delegate, the delegate being at least one level above the employee's immediate supervisor.
2. With respect to Section 6.10(b)(2)(f) the parties agree that the reference to deficient schedule performance or work quality being "currently documented" shall mean a Corrective Action Memo. In order to be used under Section 6.10(b)(2)(f), a Corrective Action Memo must state the period, not to exceed 90 days, it will remain in effect and may serve as a basis for exclusion from overtime consideration only during that period.
3. The Company will provide notification of designated weekend overtime no later than the first rest break on Friday. When emergent situations arise following first rest break, notification of such overtime will be provided as soon as possible.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 18
SUBJECT: SUPPORTED EMPLOYMENT PROGRAM

The Company and the Union agree to maintain a Supported Employment Program in order to provide job opportunities for individuals with severe developmental disabilities who could not otherwise compete for employment with the Company. The program will consist of an enclave established within the Wire Shops where the Company will hire individuals to work in the job classification of the Wire Shop Support General, Code 313 SP (job description attached). This job will be used exclusively for the Supported Employment Program. Individuals hired into the Wire Shop Support General

classification will be paid in a salary rate range of ~~\$\$5.75 to \$14.81~~ \$6.90 to \$16.18 per hour, plus applicable COLA, with steps provided within the rate range for increased productivity. Such employees will not be eligible for any overtime. The Union and the Company agree to expand the enclave employee concept to other organizations which are mutually agreed to between the parties. All provisions of the parties' Collective Bargaining Agreement and any successor agreement thereto, with the exception of Article 22, will apply to employees in the Supported Employment Program.

The IAM Center for Administering Rehabilitation and Employment Services (IAM CARES) will provide the following administrative support as required:

- Job evaluation and analysis;
 - Identify and pre-screen enclave candidates from county social agency referral system and recommend candidates for selection by the Company;
 - Provide public transportation training to enclave employees;
 - Consult with supervisors on training and production matters;
 - Act as focal point for Supported Employment enclave matters;
 - Employ a job coach whose salary and benefits will be funded by King county Services Division;
-
- Train and provide technical assistance to leads and supervisors; and
 - Provide long term follow-up services.

The job coach will have responsibility with respect to enclave employees for training and informal supervision, maintenance of daily production records, troubleshooting both within and outside the workplace and serving as a coordinator and facilitator between enclave employees and their supervisors, leads and co-workers. It is recognized that the job coach may from time-to-time perform productive work in order to train and otherwise assist enclave employees.

Any modification of the Supported Employment Program will be subject to mutual agreement by the parties. Discontinuance of the program will not be subject to the grievance/arbitration provision of Article 19 of the Collective Bargaining Agreement.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 19
SUBJECT: APPRENTICESHIP PROGRAM, WICHITA, KANSAS

~~An apprenticeship program will be developed in Wichita, Kansas, with the assistance of the IAM/Boeing Quality Through Training Program (QTTP). The program will initially focus on training for individuals pursuing the CNC Machinist occupation.~~

~~QTTP representatives will work with the Kansas Apprenticeship Council, IAM/AW District 70 and the appropriate Boeing organizations to develop and implement program(s) which meet or exceed the U.S. Department of Labor (Bureau of Apprenticeship and Training) guidelines.~~

~~A joint Union/Company Apprenticeship Council will be established to provide direction, program content, and guidelines which will be utilized to implement and guide the apprenticeship program.~~

~~The Governing Board will oversee this activity and any expansion of additional QTTP apprenticeship efforts.~~

~~Dated: September 2, 1999~~

LETTER OF UNDERSTANDING NO. 20
SUBJECT: EXPENDITURE OF FUNDS UNDER ARTICLE 16 AND ARTICLE 20

The parties agree that the Company will provide the necessary funding in support of IAM/Boeing Joint Programs (Joint Programs) activities which include the IAM/Boeing Health & Safety Institute (HSI), the IAM/Boeing Quality Through Training Program (QTTP), and other activities approved by the IAM/Boeing Joint Programs National Governing Board (Governing Board). The following sets forth the practices which will be followed:

1. The Company will spend in each year fourteen (14) cents for each bargaining unit compensated hour, but not less than fourteen (14) million dollars per year. In addition, the Company will provide funding for the QTTP Education Assistance (EA) Program up to four (4) million dollars per year. EA funds not spent in one calendar year will not carry over to the next year.
2. The annual funding amounts for Joint Programs shall be determined each September 2 and shall be based on the number of bargaining unit compensated hours in the preceding period of September 2 to September 1. Amounts not spent in one annual period shall carry over to the next year, but not beyond the expiration of the Agreement.

Additionally, the Company will provide ~~training transition funds and other funds~~, as approved by the Governing Board, to support the Joint Programs' statement of work.

3. The Governing Board shall establish the annual budget for the Joint Programs which includes HSI, QTTP, and other approved joint initiatives. The initial budgets shall include a minimum of four (4) million dollars for HSI and ten (10) million dollars for QTTP. The Governing Board shall, during any annual budget year, have the authority to reallocate funds between HSI and QTTP as they deem necessary.

4. All labor and non-labor will be treated according to current Boeing accounting practices.

~~5. Labor support from other divisions will be burdened at the Boeing loaned labor rate.~~

5. To the extent permitted by law, one or more trust funds will be established pursuant to the Taft-Hartley Act, 29 U.S.C. §186, to contract with the Union for the services of any individual employed by the Union who is named to the administrative staffs established by Section 16.2(b) and Section 20.2(c). The trust(s) shall be established pursuant to a written agreement between the parties which complies with clause (B) of the proviso to 29 U.S.C. §186(c)(5). In addition, the terms of any contract between the trust and the Union shall provide that the Union will be reimbursed for the services of these individuals on the basis of their base rate plus actual expenses for payroll taxes and the following employee fringe benefits: employee per diem; IAM pension plan; package H & W insurance; Western Metal Trades pension; and automobile insurance. The Company shall provide funds to the trust in a sufficient amount and in a timely manner to enable the trust to meet its contractual obligations to the Union.

6. Individuals employed by the Union who are named to an administrative staff established by Section 16.2(b) or Section 20.2(c) shall be full-time, dedicated to the administrative staff.

7. The Union will be reimbursed in accordance with paragraph 6 for the services of the individual employed by the Union who is identified as Executive Director - IAM/Boeing Joint Programs only to the extent such services are actually rendered on behalf of the respective joint programs.

8. The Governing Board will give consideration to the IAM Corporation for Re-Employment and Safety Training, Inc. (CREST) as a service provider in support of HSI and/or QTTP activities. Any such service may be contracted for pursuant to paragraph 6 above. The parties have agreed to authorize the services of CREST in support of the HSI Return-to-Work program in an amount not to exceed three (3) million dollars annually. Such funding will not extend beyond the expiration of the agreement. Funds not spent in one calendar year will not carry over to the next year.

9. The Company agrees to provide the necessary funds to support Joint Programs activities up to eight (8) million dollars from September 2, 1999, to continue funding

through December 31, 19992002 at the levels previously approved by the National Governing Board for the 2002 Joint Programs budget.

Dated: September 2, 19992002

LETTER OF UNDERSTANDING NO. 21
SUBJECT: ARTICLES 16 AND 20 - CONFIDENTIALITY OF INFORMATION

It is recognized by the parties that a free flow of information between them is necessary to insure the success of the IAM/Boeing Health & Safety Institute and the Quality Through Training Program. Information which could be disclosed to the Union and to the Union Administrative Staffs includes information relating to inventions, products, processes, machinery, apparatus, prices, discounts, costs, business affairs or technical data which the Company considers as confidential. In furtherance of their objective to facilitate full participation of the Union in these programs while recognizing the sensitivity of the Company's confidential information, the parties agree that any such information shall be held in confidence by the Union and the Administrative Staff and shall be used by them solely for purposes of these programs. All Union Administrative Staff shall be provided a copy of this Letter of Understanding and advised of their obligations under it.

Dated: September 2, 19992002

LETTER OF UNDERSTANDING NO. 22
Subject: NC/CNC/ADAPTIVE COMPUTER SYSTEMS AND COMPUTER AIDED WORK STATIONS

The Company and Union agree to the identification and clarification of the below terms and descriptions as applicable to all Corporate Jobs as identified in Article 13 of the parties' Collective Bargaining Agreement:

A. 1. Numerically Controlled/Computer Numerically Controlled (NC/CNC) or other adaptive computer system machine controls are synonymous and will be used as such in all existing job classifications, and shall be incorporated as such into all existing and future job classifications as appropriate.

2. Operators may make adjustments to existing machine control programs similar and in comparable technical complexity as those required to manually provide machine instruction such that machines optimally perform the identified machine tasks.

3. Such tasks as described above will not be used or considered as justification for grade adjustment but are inclusive of current grade level identification.

B. Computer aided/assisted work stations such as those using PC's, computer terminals linked to main frame systems, CATIA or any and/or all subsequent integrated computer assisted technology systems, which are used to accomplish currently assigned or similar work assignments, shall not be used as justification for revision of grade level, but are considered tools and devices assisting the individual to accomplish assigned tasks. The actual duties and tasks accomplished by the individual as a composite in comparison to the classification guides and representative jobs will be the basis for grade designation as identified in Article 13 as applied in the Collective Bargaining Agreement.

C. Such terms will be incorporated into revised or new job descriptions and/or incorporated into the classification guides and/or glossary of terms and phrases within the Collective Bargaining Agreement or a combination of the above.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 23
SUBJECT: NON-TRADITIONAL WORK SCHEDULES

The parties recognize that the efficient use of facilities and machinery is an integral part of the Company's competitiveness and that the Company's competitive position is essential to the employment security of its employees. The parties further recognize that a normal work schedule of eight-hours-a-day five-days-a-week is not always conducive to the efficient use of facilities and machinery. Accordingly, the parties agree they will consider implementing non-traditional work schedules where they deem it appropriate.

While the parties recognize that the details of non-traditional work schedules will have to be discussed on a case-by-case basis, and that no such schedules will be implemented except upon mutual agreement by the parties, the following guidelines will apply:

1. The workweek and shift times set forth in Article 5 of the parties' Collective Bargaining Agreement will be adjusted to accommodate the non-traditional work schedule.
2. The phrase "assigned shift" will be substituted for "eight hours" wherever it appears in the parties' Collective Bargaining Agreement.

3. Employees who work on their third consecutive day of rest will be paid overtime on the same basis as their first day of rest.

4. For those calendar weeks encompassing any of the holidays observed by the Company, employees assigned to non-traditional work schedules will be converted for that week to a normal work schedule.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 24
SUBJECT: PART-TIME WORK SCHEDULES

As a means of extending their commitment to employment stabilization, the parties have agreed to explore alternate work schedules which could serve the purposes of potentially reducing the number of layoffs and responding to the needs of individual employees. One of these alternate work schedules is a "part-time work schedule" which, for purposes of this letter of understanding, shall mean a fixed weekly work schedule which is less than the regular 40-hour week. No minimum or maximum number of hours will be required, but fixed days (other than Saturdays or Sundays) and hours of work must be established. This letter of understanding is strictly limited to those part-time work schedules which are voluntary by an employee.

Participation in a voluntary part-time work schedule is subject to management approval which shall be effective for a minimum of ninety days. In the event that more employees in a particular job classification in a shop volunteer than can be accommodated, selections will be made on the basis of seniority. Employees on part-time work schedules covered by this letter of understanding will be subject to all provisions of the parties' Collective Bargaining Agreement, except as follows:

1. Holidays

Employees are eligible for holiday pay if they are scheduled to work 20 or more hours in a 7-day cycle or 40 or more hours in a 14-day cycle. Payment will be four (4) hours of holiday pay for each company holiday, regardless of calendar day or hours scheduled on the respective holiday. Employees required to work on a holiday will receive double their regular rate for the time worked in addition to any holiday pay to which they are entitled.

2. Overtime

For the first 10 hours worked in excess of 40 hours in a workweek, the employee will receive one and one-half times the base rate; for hours worked in excess of 50 hours in a

workweek, the employee will receive double the base rate. No overtime will be paid when less than 40 hours have been worked during the workweek. Notwithstanding any provision in the parties' Collective Bargaining Agreement, employees on part-time work schedules will not be asked, or permitted, to work on a Saturday or a Sunday unless all other employees in the same classification in that shop have been offered the opportunity to perform the work.

3. Other Pay Practices

Employees are eligible for jury duty and witness service pay if they are scheduled to work 20 or more hours in a 7-day cycle or 40 or more hours in a 14-day cycle. Payment will be four (4) hours for each day served, regardless of calendar day or hours scheduled on each day served. For purposes of bereavement leave and report time, the phrase "assigned shift" will be substituted for "eight (8) hours." Employees on third-shift who are approved for part-time work schedules will be reassigned to second shift.

4. Group Benefits

Employees on part-time work schedules will be offered an insurance package consisting of the Traditional Medical Plan and Incentive Dental Plan. All normal Plan provisions will apply. Premiums will be paid by the Company on a pro-rated basis, as determined by scheduled weekly hours as follows:

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

Employees eligible for group insurance may either pay the balance of the premium by payroll deduction or decline coverage entirely.

This Letter of Understanding may be cancelled by either party by giving written notice to the other upon each six-month anniversary of its execution.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 25
SUBJECT: JOINT EMPLOYEE ASSISTANCE PROGRAM COMMITTEE

The Union and the Company recognize that alcoholism and drug dependency are health problems which may be successfully treated, given early identification and appropriate rehabilitation therapy. Furthermore, as with alcoholism and drug dependency, emotional disorders and serious personal problems can adversely affect job performance.

The parties agree that it is in their mutual interest to provide a framework within which IAM bargaining unit employees voluntarily and confidentially may seek professional counseling, treatment, or other assistance to address such problems. Similarly, it is in the parties' interests to generally encourage, educate and otherwise help employees pursue more healthful life styles. Working together, the Union and the Company can achieve common goals in these areas:

As a first step, the parties agree to establish a joint Employee Assistance Program (EAP) Committee. The EAP committee will be comprised of two (2) representatives from each of the Union, SHEA, and HSI. The committee will (1) review the current Company EAP program and make recommendations to enhance and improve services, (2) explore the desirability of a joint EAP approach, and (3) review best practices throughout industry where labor/management EAP programs exist.

The joint EAP Committee will report its findings and recommendations to the IAM/Boeing Joint Programs National Governing Board within eight months of commencing its work.

Dated: September 2, 1999

LETTER OF UNDERSTANDING NO. 26
SUBJECT: JOINT INDUSTRIAL SKILLS TRAINING PROGRAM

The Union and Company agree that Industrial Skills training for bargaining unit employees will be the joint responsibility of the Union and the Company through the IAM/Boeing Quality Through Training Program (QTP).

QTP will work with the appropriate organizations to identify the Industrial Skills training needs of the respective line organizations, and design, develop and implement training education and learning strategies to support those needs by working closely with the appropriate organizations both within and outside the Company. QTP will, to the maximum extent possible, use existing resources that add value to the overall implementation strategy.

~~Industrial Skills training will be jointly administered and provided at locations in close proximity to the hourly employees who will receive such services. The program may include:~~

~~Providing locations/instructors to hold individualized and group training.~~

~~Maintaining a library of training materials.~~

~~Providing confidential career advising.~~

~~Using Focus Groups/Advisory Committees comprised of hourly/management employees to help determine activities to pursue.~~

~~QTPP will develop an implementation process to:~~

~~Evaluate vendor courses for possible use.~~

~~Obtain instructors and monitor instruction.~~

~~Evaluate and implement innovative cost effective training techniques.~~

~~Provide ongoing measurement and evaluation for continual improvement.~~

~~Any training which includes health and safety instruction will be coordinated with the appropriate organizations such as SHEA, HSI and any outside agencies as applicable.~~

~~Dated: September 2, 1999~~

LETTER OF UNDERSTANDING NO. 27
SUBJECT: FACTORY SERVICE ATTENDANTS RATE STRUCTURE
REVISION

The Company and the Union agree to the continued inclusion of the 8820A job classification as part of the approved Corporate job codes. As agreed in the 1995 Collective Bargaining Agreement this job will replace the existing 88201 and 88202 factory service attendant classifications. The Labor Grade "A" will have a minimum rate of \$8.72 per hour with a maximum rate of ~~\$14.70~~ 15.65 per hour. The Labor Grade "A" will only be applicable to the 8820A classification. All provisions of Article 6 of the parties' current Collective Bargaining Agreement ("this Agreement") will apply to employees in this classification who are not at the rate maximum. For those employees who are at the maximum rate any general wage increases provided for in Section

6.3(b)(1) will be paid as lump sums equivalent to the agreed upon general wage increase percentage. The lump sums will be paid as a percentage of bargaining unit gross earnings, as that term is defined in Letter of Understanding 40, "Ratification Bonus." The rate range maximums will be adjusted in accordance with Section 6.4 of this Agreement.

The 8820A classification applies only to newly hired employees and those individuals placed in this classification through any means other than the exercise of contractual rights provided by Article 22 of the Agreement. This job may not be populated while there are employees with Category A rights to the 88201 and 88202 job classifications.

Labor Grade "A" is not covered in the classification guides for labor grades one through eleven, but is to be assigned as stated in this Letter of Understanding.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 28
SUBJECT: CHILD DEVELOPMENT PROGRAM

The Company is developing people strategies to support individuals in the workforce and retain valuable employees with the end goal to make the Company more competitive. These strategies recognize that employee concerns about child care can affect an individual's productivity and work focus. To support these strategies, the Company has implemented a Child Development Program to build on other Company programs which support employees and their families.

As one element of the program, the Company has, in coordination with the Union, established two near-site day care centers (Everett and Renton). The day care centers are operated by a third-party with fees charged to participating employees geared at an operations break even level.

Additional components of the Company's Child Development Program include providing leadership to help improve the quality and availability of child care in communities where employees live and enhancing child care referral services through the existing Child and Elder Care referral program. Consideration will be given to adding other elements, such as collaboration by the referral program with day care providers and parents on evaluation of facilities and day care curriculum, assistance in extended/alternate hours, and assistance dealing with specific day care needs.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 29
SUBJECT: QTP EDUCATION ASSISTANCE PROGRAM/LEARNING
TOGETHER

The Union and the Company recognize that to achieve a highly skilled and motivated workforce the parties must create an environment conducive to learning opportunities. To that end the parties in 1990, under the auspices of the IAM/Boeing Quality Through Training Program (Section 20.2), created a financial assistance program named Education Assistance. This jointly administered program provides easy access to financial aid to IAM bargaining unit employees pursuing additional education.

The Company has implemented a financial assistance program named Learning Together. This program is similar in scope to Education Assistance, but provides restricted stock awards not available to Education Assistance participants, and unlike Education Assistance has no fund limitations. In addition, Learning Together is made available to all Boeing employees.

In the spirit of joint cooperation, the Union and the Company agree to the following:

- Learning Together and Education Assistance will co-exist.
- Education Assistance will continue to be co-managed by the Union and the Company through QTP.
- QTP will administer Education Assistance for IAM participants at District 24, District 70, and District 751.
- Participants will receive the most favorable benefits of either Learning Together or Education Assistance.
- Participants' cost in ~~Education Assistance~~ within Learning Together Guidelines will be borne by Learning Together.
- IAM participants who complete doctorate, masters, bachelors, and/or two-year associate degrees will be awarded restricted stock in units identical to those awarded in Learning Together.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 30
SUBJECT: ESTABLISHMENT OF A UNION/COMPANY
PROMOTION/TRANSFER PROCESS IMPROVEMENT COMMITTEE

The purpose of this letter is to create and define the objectives of a Joint Promotion/Transfer Process Improvement Committee.

A joint committee shall be established consisting of not more than five representatives appointed by the Union and not more than five representatives appointed by the Company. The Union and the Company will each appoint a chair of its group.

The committee shall, as determined by its chairs, study the Employee Requested Transfer (ERT) System, defined in Section 22.1(r), to include ways of:

~~Improving the operation of these systems.~~

~~Devising an application process that includes job posting.~~

~~Continuing the development of Career Development Guidelines.~~

~~Creating an adequate appeal process for dispute resolution.~~

In addition to the above, the committee shall consider the interrelationship between the ERT System, the Job Classification System, Skill Teams and the Career Development and Career Enhancement programs developed by the Quality Through Training Program.

4. The committee shall jointly develop their recommendations to modify the existing systems and the chairs will present those recommendations to the Union and the Company. Such recommendations, however, shall be purely advisory, and the Company shall determine which, if any, shall be implemented.

The committee shall function for the time necessary to achieve their purpose or until the end date of the parties' current collective bargaining agreement. The committee shall present to the parties a monthly action report on the progress of the committee's work. In addition, the committee shall, no later than March 1, 2000, present its recommendations on a selection procedure for those jobs for which qualification criteria have been established. The Company will determine which, if any, of these recommendations will be implemented and shall determine the date of any such implementation.

~~The Company shall retain full responsibility for setting the standards to be used for determining which employees are deemed qualified to apply for transfers or promotions through the ERT System and for selecting those transferred or promoted from among qualified ERT applicants. As provided in Section 22.11(e), those employees seeking transfer or promotion who have been allowed by the Company to apply for transfer or promotion through the ERT System shall have priority over other employees, except for Category A and Category B employees, in filling openings.~~

~~6. The Company agrees to indemnify and hold the Union harmless from and against any and all claims, demands, charges, complaints, and lawsuits arising out of the Company's negligent or discriminatory application of provisions relating to transfers or promotions through the ERT System.~~

Dated: September 2, 1999

LETTER OF UNDERSTANDING NO. 31
SUBJECT: ADMINISTRATION OF JOINT PROGRAMS

~~A. IAM/Boeing-Joint-Programs-National-Governing-Board. The Union and the Company agree to establish the IAM/Boeing Joint Programs National Governing Board (Governing Board) comprised of five (5) representatives from each party. The Union representatives will include the IAM/Boeing Aerospace Coordinator, the Directing Business Representatives from District 751, 70 and 24, and the Union's Joint Programs Executive Director. The Company's representatives will include the BCA Vice President of Employee Human Resources and Union Relations, the Senior Vice President of Operations, and two (2) additional Senior Executives and the Company's Joint Program's Executive Director. The Joint Programs Executive Directors will be non-voting members of the board.~~

~~The Chair and Secretary of the Governing Board shall serve a one-year term and rotate between the IAM/Boeing Aerospace Coordinator and the BCA Vice President of Employee Human Resources and Union Relations.~~

~~The Governing Board will provide general direction and guidance and establish policy for the IAM/Boeing Joint Programs (Joint Programs). In addition, the Governing Board shall establish the annual budgets and approve expenditures of funds as outlined in the parties' Letter of Understanding No. 20, entitled Expenditure of Funds under Article 16 and Article 20.~~

The Governing Board shall meet twice a year to approve Joint Programs activities and assess if progress is being made towards accomplishing the Mutual Objective of the Joint Programs.

B. The parties recognize that an efficient administrative support process is essential to attaining the goals of the IAM/Boeing Health and Safety Institute (HSI), the IAM/Boeing Quality Through Training Program (QTTP) and any other joint efforts the parties may establish. In order to further this process, the parties have established the positions of IAM/Boeing Joint Programs Executive Directors. The IAM/Boeing Aerospace Coordinator and the BCA Vice President of Employee-Human Resources and Union Relations shall appoint their respective parties' Executive Director. As directed by the IAM/Boeing Joint Programs National Governing Board, the Executive Directors will provide oversight for day-to-day operations of the joint programs and will coordinate the activities of the administrative staffs established by Sections 16.2(b) and 20.3(c) of the parties' collective bargaining agreement and Section C of this Letter of Understanding No. 31.

C. IAM/Boeing Joint Programs Administrative Staff, Portland. The Union and the Company acknowledge the need for enhanced support of Joint Programs services at the Company's Portland facility. Therefore, the parties agree to establish-maintain IAM/Boeing Joint Programs administrative staff positions located at the Portland Primary Location. One (1) representative will be named by each party. The District 24 Directing Business Representative will be responsible for selecting the Union representative. The staff, as coordinated by the Executive Directors, will provide support for both the IAM/Boeing Health & Safety Institute, ~~and~~ the IAM/Boeing Quality Through Training Program and any other programs as approved by the National Governing Board.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 32
SUBJECT: ACCELERATED LAYOFF

The Company and the Union agree that, subject to management approval, employees who have been identified for and notified (either directly or to the Union) of potential layoff may request acceleration of the anticipated layoff date: provided that management shall grant such a request when such employees have provided satisfactory proof that they have accepted a job offer from another employer. Employees whose requests are granted shall be given a release date of not more than two (2) weeks (fourteen (14) calendar days) following the date of the request was granted.

Employees granted an accelerated layoff date shall be regarded as having Category A rights of recall as set forth in Section 22.9 of the parties' collective bargaining agreement

only upon receipt, following their layoff, of an effective application as described in Section 22.1(d). Neither Section 22.7 nor 22.10 shall apply to such employees. Employees granted an accelerated layoff date will be required to sign a form waiving any rights under the Worker Adjustment and Retraining Notification Act to a full 60-day period of employment prior to the layoff.

Employees granted an accelerated layoff date will be paid layoff benefits if they meet the eligibility criteria set forth in Article 23 of the parties' collective bargaining agreement.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 33
SUBJECT: HIGH PERFORMANCE WORK ORGANIZATIONS SUPPORT

The Union and the Company agree that the IAM/Boeing Quality Through Training Program (QTTP) will provide training to employees involved in the formation of High Performance Work Organizations (HPWO).

In order to meet this requirement, QTTP will:

Work with the appropriate HPWO Leadership Team(s) to identify training requirements.

Review available training materials and work with HPWO Leadership Team(s) to develop a tactical training plan which may include:

Teaming skills training.

Business skills training.

Decision making leadership skills.

Union history and contract training.

HPWO culture, mission, and goals.

Develop and provide training materials and handouts, etc.

Involve the IAM/Boeing Health and Safety Institute on issues that relate to employee health and safety.

Provide support for the HPWO teams with communication and team facilitators, as requested by the HPWO Leadership Team.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 34
SUBJECT: USE OF CAREER GUIDES DEVELOPMENT

The purpose of this Letter of Understanding is to define the scope and usage of Career Guides as developed by the Quality Through Training Program (QTTP).

QTTP is responsible for creating and maintaining Career Guides, ~~part of the Career Development Program.~~ Career Guides are based on a review of the work requirements for each job covered by the parties' Collective Bargaining Agreement in the Seattle-Renton, Wichita and Portland units.

The parties agree that the purpose of the Career Guides is to provide up-to-date career development and training information for each job. Career Guides do not redefine Standard Factory Job Descriptions currently utilized in the existing job classification system. Use of the guides shall be limited to the QTTP Career Development Program or other programs as agreed to by the Union and the Company.

The parties further agree that no portion of the Career Guides shall be used as the basis for, or as evidence in, any proceedings under Articles 13, 19, 22, the Rules Governing Application of Job Descriptions, or the Glossary of Terms and Phrases of the parties' Collective Bargaining Agreement.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 35
SUBJECT: SHAREVALUE PROGRAM

The Company and the Union ~~have implemented the ShareValue Program for~~ agree that all eligible represented employees may participate in the Boeing ShareValue Program (also known as the ShareValue Trust) for the duration of this Agreement. The parties agree that *the Company's success depends upon the ability to return long-term value to the shareholders.* The intent of this ~~incentive~~ Program is to help inform employees about what makes a business run and produces shareholder value, and to allow employees to

share in the results of their efforts to increase shareholder value. ~~The principal features of the program are as follows:~~

~~The Company has established a stock investment trust to be funded with \$1 billion of Boeing common stock (based on the fair market value of Boeing stock on June 28, 1996). The investment is divided into equal parts to cover overlapping investment periods. During the term covered by the parties' agreement, these investment periods will run: Period (or "Fund") 2 began July 1, 1996, and runs through June 30, 2000; Period (or "Fund") 3 began July 1, 1998, and runs through June 30, 2002; Period (or "Fund") 4 begins July 1, 2000, and runs through June 30, 2004; and Period (or "Fund") 5 begins July 1, 2002, and runs through June 30, 2006.~~

~~Eligible employees will receive a distribution of Boeing common stock (or an equivalent cash value) following the end of an investment period if at the end of the period the value of the Fund exceeds the initial value increased and compounded at the annual rate of 3 percent.~~

~~Employees will be eligible to participate in accordance with the governing provision of the ShareValue Program as set forth in the official Program documents. In the event of any conflict between this Letter of Understanding and the official ShareValue Program documents, the official ShareValue Program documents will prevail in every case. a distribution to the extent of the number of months during the investment period they were on the active payroll. The proportional distribution shall be payable only in whole shares of Boeing common stock (or an equivalent cash value) after appropriate withholding has been calculated.~~

~~Eligible participants will proportionally share in a ShareValue Program distribution based on the number of months they were eligible to participate during any investment period falling within the term of this Agreement or any preceding Agreement that provided for their participation in the ShareValue Program.~~

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 36
SUBJECT: TECH PREP STUDENTS

The Boeing Company in 1993 started a comprehensive program for high school students leading to a Manufacturing Technology Associate Degree from ten Puget Sound, Portland area, and Wichita community or technical colleges. This degree program encompasses ten core competencies which have been validated and verified by 177 manufacturing companies including The Boeing Company's Puget Sound and Portland

sites. The purpose of this Letter of Understanding is to provide agreement between Boeing and the IAM concerning the on-site internship for these college students.

The students' status will be as follows:

Students will be placed in the internship through an outside agency, which will be their employer. The internship will last a maximum of eight weeks.

During their assignment, students will perform production work and maintenance under the guidance of one or more IAM-represented employees.

The cognizant IAM-represented employees and their supervisors will make recommendations regarding Boeing's hiring of students after the internship concludes.

Students will be required to donate \$28.00 to "Guide Dogs of America" during this internship. Such contribution will be by payroll deduction during the first month of employment.

The number of students participating in the "job shadowing" portion of the program will not exceed 90 students each year. These students will not replace IAM-represented employees or prevent IAM-represented employees from being recalled from layoff.

The student's work schedule will be Monday through Friday on either first or second shift, not to exceed forty hours per week.

The students will be paid at the rate of ~~\$6.25~~ 7.50 per hour during their first summer and \$8.50 per hour during their second summer.

The students are not Boeing employees and thus will not be eligible for any benefits, including but not limited to medical and dental coverage and vacation and sick leave credits, described in the parties' agreement.

The parties agree to meet and discuss any concerns that may arise during the course of this program with the local Directing Business Representative.

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 37
SUBJECT: IAM/BOEING JOINT PROGRAMS
CERTIFICATION/REGULATORY TRAINING TRANSITION COMMITTEE

The Union and Company agree that it is in their best interest to establish the IAM/Boeing Joint Programs Training Transition Committee (the Committee) to develop a strategy that identifies and establishes the resources, structure and agreements to transition certification/regulatory training, and other training as directed by the Governing Board, from the Company's training organization. The focus of the Committee's efforts are to support and encourage the working together philosophy between the Union and the Company; encourage flexible training solutions to ensure employees have the work skills and knowledge to do their jobs; and incorporate best training practices and resources to meet current and future training requirements.

The Committee will be comprised of two representatives from Operations, one each from Learning Education and Development (LEAD) and Safety, Health, and Environmental Affairs (SHEA), four Union representatives (one from each major location), and two representatives from IAM/Boeing Joint Programs. Team members and co-chairs will be selected by the Boeing Aerospace Coordinator and Vice President of Union Relations. The Committee will establish the structure, meeting locations, schedules and procedures, develop a project management plan, and report and make recommendations to the Governing Board. The Committee will establish Action Teams, identify team members, and provide oversight, direction, timelines and priorities to the teams at each major location.

The Action Teams will review goals and objectives; analyze current activities being performed in the Company; develop a plan to transfer resources and materials to support implementation; and work together to create partnerships between the IAM/Boeing Joint Programs, SHEA, LEAD, and Operations organizations to recommend appropriate changes. The Action Teams will submit their specific proposal, including recommendations for implementation, to the Committee. These recommendations will include identification of activities to be transitioned to Joint Programs and funding and resource requirements. The Committee will approve specific Action Team plans and prepare a final report for Governing Board approval.

Dated: September 2, 1999

LETTER OF UNDERSTANDING NO. 38
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 State Street

Global Advisors. 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.

~~The Company will consider adding the IAM Shares mutual fund to its Voluntary Investment Plan fund lineup. The Company will take into account those matters required of a plan sponsor and plan fiduciary under the Employee Retirement Income Security Act and other pertinent laws and regulations. The Union recognizes that the decision will be made by the Employee Benefit Investment Committee in its sole discretion as plan fiduciary, which decision shall not be subject to the grievance and arbitration procedure of Article 19.~~

Dated: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 39
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: September 2, ~~1999~~2002

LETTER OF UNDERSTANDING NO. 40
SUBJECT: RATIFICATION BONUS

The Company agrees to pay employees covered by this Agreement and on the active payroll or approved leave of absence on September 2, 2002, a bonus of eight (8) percent

of their bargaining unit gross earnings during the period September 2, 2001, through September 1, 2002, less applicable withholding, if the Agreement is ratified on or before September 2, 2002. The bonus will be paid by October 18, 2002. Bargaining unit gross earnings are defined as that portion of an eligible employee's total earnings while in the bargaining unit which is computed at the employee's base rate plus cost of living adjustment rate, shift differential rate, remote assignment premium (swamp pay) rate, and non-regular workweek premium rate, as applicable, on regular and overtime hours worked, overtime bonus hours, third shift bonus hours, sick leave hours (including those paid from FSP funds), vacation hours, holiday hours, report time hours and leave with pay hours. All other payments to an employee, imputed or otherwise, including this payment, are excluded from bargaining unit gross earnings for purposes of computing the ratification bonus.

Dated: September 2, 19992002

LETTER OF UNDERSTANDING NO. 44
SUBJECT: JOINT TRAINING STRATEGY COMMITTEE

The Union and Company agree that it is in their best interest to establish the IAM/Boeing Training Strategy Committee. The Committee will ensure that constructive and positive partnerships exist, including but not limited to Operations, LEAD, SHEA, ET&D, OTTP, HSI and Quality. The Committee, working together, will encourage flexible training solutions, incorporate and communicate best training practices and make the best use of resources to provide employees the skills and knowledge to do their jobs in a safe and efficient manner.

The Committee will establish the structure, meeting locations, schedules and procedures that ensure best training solutions are implemented at the Company's manufacturing major locations. The Committee will support the establishment of and provide guidance to the Site Training Councils and/or other training committees that are established.

The Training Strategy Committee will provide periodic updates of the working together training improvements to the National Governing Board and each committee member's sponsor.

Dated: September 2, 19992002

LETTER OF UNDERSTANDING NO. XX
SUBJECT: TEAM LEADER

The parties agree that certain work groups may benefit from the designation of an employee as a team leader for the purpose of creating and maintaining a team environment and coordinating operational issues. The parties agree that the Company may select an employee for a team leader assignment to further those purposes. The team leader will serve as the leader of all bargaining unit employees in the assigned work group, irrespective of the job classifications of those employees. The selection of a team leader shall not be considered the establishment of a new job for the purposes of Article 13.

The assignment of an employee as a team leader shall be made at the discretion of the Company, utilizing a selection process developed by the Company. Employees may be assigned to such positions without regard to seniority, and the provisions of Section 22.1 shall not apply to such selection. Neither the creation of a team leader assignment nor the selection of any employee as a team leader will be subject to the grievance and arbitration procedure.

An employee assigned by the Company as a team leader shall be paid a premium of \$1.75 per hour above his/her current base rate. When authorized by the Company, a team leader may delegate a portion of his/her allocated work to employees in the team leader's work group.

Employees assigned as team leaders shall not make, as a result of solicitation by their supervisor, recommendations concerning employment, release, transfer, upgrade, or disciplinary action relative to other employees.

Dated: September 2, 2002

LETTER OF UNDERSTANDING NO. XX
SUBJECT: MATERIALS DELIVERY AND INVENTORY PROCESS

The Company and the Union agree that parts, materials, tools, kits, and other goods or products furnished by an internal or external supplier, vendor, contractor, or subcontractor may be delivered or presented to the company at any location to be designated by the Company, including but not limited to staging areas, parts control areas, materials and tools storage areas, and/or factory locations where parts or assemblies are installed. In addition, internal and external suppliers, vendors, contractors or subcontractors may, at the Company's request, perform inventory transactions, which may include tracking use, disbursement, acquisition, and/or inventory of parts, materials, tools, kits, and other goods or products.

The Company agrees that bargaining unit employees will not be laid off as a direct result of the company's conversion to the Materials Delivery and Inventory Process, unless the employees are unwilling to change jobs (including a downgrade), shifts, or locations within the bargaining unit.

Dated: September 2, 2002

LETTER OF UNDERSTANDING NO. XX

SUBJECT: SI&A INFRASTRUCTURE, ROLES AND RESPONSIBILITIES

Self-Inspection and Acceptance (SI&A) is the process of having the employee who made the product, or performed the task, also check the product or task data, and indicate that the product/task conforms to requirements. This is indicated by having the same employee stamp off his or her work as conforming to requirements.

In February 2001, a joint IAM/Company committee was formed in an effort to facilitate resolution of issues and concerns regarding implementation and maintenance of SI&A programs. The committee's charter was to work together to improve the SI&A implementation and maintenance process. As further described below, the committee will remain available as a resource to provide guidance and direction to those areas implementing SI&A as required.

The committee recommended changes to improve SI&A implementation and maintenance processes. It reviewed currently implemented areas and met with affected employees to establish some of the existing best practices and areas of concerns. This provided the insight to make improvements in several areas. The committee also developed and implemented improvements to our procedures and infrastructure for SI&A, and identified and documented the type of environment required to foster successful implementation. To accomplish those changes, the committee modified the procedures to provide criteria for implementation readiness evaluation, for monitoring progress to ensure sustainability of the program, and identification of the environmental factors that will lead to successful implementation of SI&A programs.

The primary purpose of this letter is to define the roles, responsibilities, and interaction within the new SI&A infrastructure as shown in Attachment A. This diagram depicts three tiers of responsibility in development and oversight of SI&A at BCAG and

demonstrates an ongoing effort to work with the IAM to ensure success of the SI&A program.

Area Management

Area management will provide active support for the implementation and maintenance of SI&A by fostering an environment that encourages engagement and supports the desired culture and values identified as keys for success.

Area Committees

The area committees have the primary responsibility for implementation and ongoing maintenance of SI&A in a specific shop or work area. The area committees include at least the following functional representation: Quality IAM member, Manufacturing IAM member, Quality Engineering and Quality Planning. The area manager and the Site Representative will work together to select area committee members. The active involvement of each of these team members is critical to success, and adequate time should be allowed to ensure this involvement takes place. The number of committee members should be appropriate to the size and complexity of the implementation work statement. Their responsibility is to work with Quality Engineering in assessment of the suitability of SI&A for the area work statement.

This assessment should include consideration of work content as well as current process capability and control. The area committee must ensure adequate employee involvement and understanding of the SI&A process. This includes addressing any concerns or issues and elevation of unresolved issues to the Site Representatives for assistance. The area committee will develop and oversee initial and ongoing employee training and assessment processes to ensure each individual's skill and knowledge is adequate to perform the SI&A function and that any knowledge gaps are constructively addressed through additional training. After implementation of SI&A, the responsibility of the committee will change from active engagement in the development process to that of monitoring success and resolving concerns. In this role they can suggest improvements and handle questions or concerns by resolving locally or elevating to the Site Representatives for assistance. The area committee will also keep the Site Representatives informed on general implementation progress and ongoing maintenance so that they will be able to identify "best practices" and communicate to the Site Representative network.

Site Representatives

Each site with implemented SI&A areas will have two Site Representatives, one from the company and one from the union, to be appointed by their respective leadership. These individuals should be (or be interested in becoming) an SI&A subject matter expert. It is expected that they will have completed all SI&A prerequisite courses and have had exposure to SI&A. They should have excellent conflict resolution and communication skills.

The Site Representatives' primary responsibilities are to act as a resource to the employees, management, and area committees; to provide information and perform monitoring activities; and to resolve issues and concerns elevated to them by area committees. They will also help coordinate and participate in area SI&A overview presentations. They will need to stay informed of SI&A implementation progress and issues across BCAG as a network, to identify and spread "best practices" tools, and to encourage communication.

This letter, together with PRO-1125, Self Inspection and Acceptance Requirements and BPI 298 Self Inspection and Acceptance, is intended to provide the framework necessary for successful implementation. It is the expectation of this committee that all parties involved in the implementation and maintenance of SI&A will adhere to the guidelines and principles described in PRO-1125 and BPI 298.

Dated: September 2, 2002