COLLECTIVE BARGAINING AGREEMENT

COLLECTIVE BARGAINING AGREEMENT

of November 2, 2008

Including Contract Extension and Modification Agreements

of December 7, 2011 and January 3, 2014

BETWEEN

THE BOEING COMPANY

and

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO

and

CERTAIN DISTRICTS AND LOCAL LODGES THEREOF

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COLLECTIVE BARGAINING AGREEMENT

of November 2, 2008

INCLUDING CONTRACT EXTENSION AGREEMENT

of December 7, 2011

AND CONTRACT EXTENSION AND MODIFICATION AGREEMENT

of January 3, 2014

BETWEEN

THE BOEING COMPANY

and

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO

and

CERTAIN DISTRICTS AND LOCAL LODGES THEREOF

THIS AGREEMENT, dated as of the 2nd day of November, 2008, including its contract extension agreement of December 7, 2011 and its contract modification and extension agreement of January 3, 2014, 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 "Puget Sound," "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 Vandenberg Air Force Base, Plant 77 (Ogden, Utah), etc.

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) Puget Sound Unit.

1.1(a)(1) Those employees in the collective bargaining unit that were involved in National Labor 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 Puget Sound, 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 Labor Relations Board certification dated January 29, 1973, in Case No. 19-RC-6400, and

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

1.1(a)(4) All employees of the Company in the Puget Sound 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 Puget Sound Primary Location.

Such unit is primarily identified with the Primary Location known as Puget Sound 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 Labor 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 Labor Relations Board decision in Case Numbers 17-RC-790 and 17-RC-791 (including Contact Printers and Rivet Control Clerks), and National Labor Relations Board decision in Case No. 17-RC-905 and agreement of March 29, 1951 (including Inspectors in certain designated job classifications), and National Labor 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 Labor 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.

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 Labor 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 subparagraph 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 subparagraph 1.1(a)(1) (subject to exclusions of the type stated or referred to in subparagraph 1.1(a)(1)) whose employment is identified with any Primary Location hereinafter 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 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/her 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 Section 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 Section 3.3 below, all employees within the bargaining unit defined in Section 1.1(a) (hereinafter referred to as the Puget Sound 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 thirty-one (31) days following the beginning of such employment in the Puget Sound Unit or the Portland Unit, or within thirty-one (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 Section 3.3 below, employees of the Company who are within the Puget Sound 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 Obligation.
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/her 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/her employment status with the Company is

in jeopardy and that his/her failure to meet his/her obligation under this Article 3 within five (5) days will result in his/her termination of employment.

Section 3.5 Explanation to Employees.
Either the Company or the Union may explain to any employee or call to his/her attention, at any time, his/her 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 Puget Sound 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/her 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/her 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 (3) feet by four (4) 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 1 and for which area he/she 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/she 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 1 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/her of the purpose of their visit and obtain his/her 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 Section 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 1 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 Section 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 Section 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 Section 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 Section 4.7(a) above. Within three (3) 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 (3)-workday period. The above three (3)-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 surplused, transferred or loaned from his/her job title, or his/her shop, or his/her shift so long as other employees remain in his/her job title, and in the

shop and on the shift for which he/she is designated as steward. If he/she is not eligible so to remain in his/her job title, he/she will be offered downgrade to the highest labor grade job title within his/her normal line of promotion which is then being utilized in the shop and on the shift for which he/she is designated as steward. If he/she declines such a downgrade or if he/she is relieved of his/her steward's status prior to such downgrade action, he/she will then be subject to normal surplusing 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 one hundred twenty (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 one hundred twenty (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/her steward status while on approved medical leave of absence for a maximum of one hundred eighty (180) calendar days, provided that he/she 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/her supervisor before leaving his/her 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/her supervisor at least twenty-four (24)-hour advance notice if possible

and clock out prior to departure from his/her 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/her duties for the Union, or if Union business seriously interferes with his/her 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 Puget Sound and Portland Units, and one (1) 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 two (2) 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 (8)-hour-and-thirty-minute period which shall include a thirty (30)-minute unpaid lunch period. The third shift shall be a seven (7)-hour period which shall include a thirty (30)-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 (10)-minute rest period in each half of the shift to which he/she 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 (2) or more hours prior to the start of his/her regular shift shall receive a ten (10)-minute rest period prior to the start of his/her regular shift. Each employee who is scheduled to work two (2) or more hours of overtime after his/her regular shift shall receive a ten (10)-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 ensure 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 three (3) 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/she is on his/her preferred shift. Under no circumstances will the provisions of this Section 5.4 be construed to enable an employee, at his/her instance and request, to displace a less senior employee from his/her 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 the organization's designated executive or delegate. Exception requests shall be discussed with the Union prior to submittal to the site senior Human Resources representative or designee 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 Union will be notified and the displaced employee shall be given, in writing, a date of return to the preferred shift he/she 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.

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

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

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 5, 2008:

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

6.2(b) Employees on the Active Payroll on September 3, 2008. Effective September 5, 2008, the base rates for employees who on September 3, 2008, were on the active payroll shall be increased by folding into the base rates the Cost of Living Adjustment being paid September 4, 2008.

6.2(c) New Hires. All employees who enter the bargaining unit on or after September 4, 2008, with a seniority date of September 4, 2008 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 Section 6.2(a) for their labor grade.

6.2(d) Recalls from Layoff and Downgrade. Effective September 4, 2008, an employee who is recalled from layoff or downgrade 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/she was laid off and he/she was at the maximum rate at the time of layoff, he/she will be paid at the maximum rate, otherwise, he/she will be paid the base rate and the cost of living adjustment in effect on the date of his/her 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/her 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/she was laid off, his/her base rate will be determined first by treating him/her as though he/she had been recalled to the same labor grade under Section 6.2(d)(1) and then reclassified under Section 6.3(c).

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

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

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/she would have had if he/she had not been on a leave of absence.

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

Section 6.3 Base Rate Changes.

6.3(a) Seniority Progression Increases. On the Friday immediately preceding their six (6)-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 (6)-month progression increase for the first ninety (90) days of the leave. Employees recalled from layoff within one (1) year will be credited with any time they had prior to their layoff toward their next six (6)-month progression increase.

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

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

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

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

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

6.3(b)(5) Effective September 14, 2012, all employees on the active payroll on September 13, 2012, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a two (2) percent general wage increase.

6.3(b)(6) Effective September 13, 2013, all employees on the active payroll on September 12, 2013, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a two (2) percent general wage increase.

6.3(b)(7) Effective September 12, 2014, all employees on the active payroll on September 11, 2014, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a two (2) percent general wage increase.

6.3(b)(8) Effective September 11, 2015, all employees on the active payroll on September 10, 2015, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a two (2) percent general wage increase.

6.3(b)(9) Effective September 9, 2016, all employees on the active payroll on September 8, 2016, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a one (1) percent general wage increase.

6.3(b)(10) Effective September 7, 2018, all employees on the active payroll on September 6, 2018, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a one (1) percent general wage increase.

6.3(b)(11) Effective September 11, 2020, all employees on the active payroll on September 10, 2020, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a one (1) percent general wage increase.

6.3(b)(12) Effective September 8, 2023, all employees on the active payroll on September 7, 2023, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a one (1) 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 or paid the same base rate last held by the employee in the labor grade, whichever is greater. Employees who are downgraded will have their base rate decreased by fifty-six (56) cents for each labor grade they are downgraded.

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/she 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/she had been downgraded, and the recall occurs less than ninety (90)-calendar-days after such downgrade, he/she 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 Section 22.1(q)) to the job title from which he/she was most recently surplused and the employee is receiving rate retention pay as a result of such downgrade, the 90-calendar-day period will be extended one (1) 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) 214.8 (the three-month average of the BLS Index for May, June and July, 2008) 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:

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

Effective Date of Potential Adjustment	Based Upon the Average of the Three-Month BLS Consumer Price Indexes for
June 4, 2010	February, March, April 2010
September 3, 2010	May, June, July 2010
December 3, 2010	August, September, October 2010
March 4, 2011	November, December 2010, January 2011
June 3, 2011	February, March, April 2011
September 2, 2011	May, June, July 2011
December 2, 2011	August, September, October 2011
March 2, 2012	November, December 2011, January 2012
June 1, 2012	February, March, April 2012
September 14, 2012	May, June, July 2012
December 7, 2012	August, September, October 2012
March 1, 2013	November, December 2012, January 2013
June 7, 2013	February, March, April 2013
September 13, 2013	May, June, July 2013
December 6, 2013	August, September, October 2013
March 14, 2014	November, December 2013, January 2014
June 6, 2014	February, March, April 2014
September 12, 2014	May, June, July 2014
December 5, 2014	August, September, October 2014
March 13, 2015	November, December 2014, January 2015
June 5, 2015	February, March, April 2015
September 11, 2015	May, June, July 2015
December 4, 2015	August, September, October 2015
March 11, 2016	November, December 2015, January 2016
June 3, 2016	February, March, April 2016
September 9, 2016	May, June, July 2016
December 2, 2016	August, September, October 2016

Effective Date of Potential Adjustment	Based Upon the Average of the Three-Month BLS Consumer Price Indexes for
March 10, 2017	November, December 2016, January 2017
June 2, 2017	February, March, April 2017
September 8, 2017	May, June, July 2017
December 1, 2017	August, September, October 2017
March 9, 2018	November, December 2017, January 2018
June 1, 2018	February, March, April 2018
September 7, 2018	May, June, July 2018
December 14, 2018	August, September, October 2018
March 8, 2019	November, December 2018, January 2019
June 14, 2019	February, March, April 2019
September 6, 2019	May, June, July 2019
December 13, 2019	August, September, October 2019
March 6, 2020	November, December 2019, January 2020
June 12, 2020	February, March, April 2020
September 11, 2020	May, June, July 2020
December 11, 2020	August, September, October 2020
March 5, 2021	November, December 2020, January 2021
June 11, 2021	February, March, April 2021
September 10, 2021	May, June, July 2021
December 10, 2021	August, September, October 2021
March 4, 2022	November, December 2021, January 2022
June 10, 2022	February, March, April 2022
September 9, 2022	May, June, July 2022
December 9, 2022	August, September, October 2022
March 3, 2023	November, December 2022, January 2023
June 9, 2023	February, March, April 2023
September 8, 2023	May, June, July 2023

Effective Date of Potential Adjustment	Based Upon the Average of the Three-Month BLS Consumer Price Indexes for
December 8, 2023	August, September, October 2023
March 1, 2024	November, December 2023, January 2024
June 7, 2024	February, March, April 2024

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 4, 2009, the Cost of Living Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof. On September 3, 2010, the Cost of Living Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof. On September 2, 2011, the Cost of Living Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof. On September 14, 2012, 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 13, 2013, 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 12, 2014, 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 11, 2015, 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. Additionally the Cost of Living Adjustment being

paid to employees on the following dates under Section 6.4, shall be added to the employees' base rates and made a part thereof:

September 9, 2016

September 8, 2017

September 7, 2018

September 6, 2019

September 11, 2020

September 10, 2021

September 9, 2022

September 8, 2023

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.

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

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

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

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/her 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. Employees will be excused from their scheduled shift for each day they serve. 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. 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 a jury duty or to serve as a witness. In addition, management may require verification of such appearance. An employee is not entitled to pay under this Section 6.6(a) 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/her own behalf in an action in which he/she 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/her outside employment or outside business activities; or (5) is subpoenaed as a witness while on leave of absence except when serving as a Company witness.

6.6(b) 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/her 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 (1) calendar year may receive time off with pay in excess of the ten (10)-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 Section 6.6(b) 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(c) Up to three (3) days bereavement leave with pay will be granted to an employee on the active payroll, including those on leave of absence for not longer than ninety (90) calendar days, who, because of death in his/her immediate family, takes time off from work during his/her 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/her 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 thirty (30) calendar days following the death (or evidence of belated notification of death). For the purposes of this Section 6.6(c) the "immediate family" is defined as follows: spouse, same gender domestic partner, 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 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.
For employees working in Washington, Kansas, and other states where mandatory direct deposit is permitted by law, paychecks will be delivered via direct deposit on Thursday of every second week, covering all wages, including overtime, earned through Thursday of the preceding week, except when other circumstances intervening beyond the Company’s control make

such practice impossible. For employees working in other states, paychecks shall be delivered via direct deposit on or before Thursday of every second week, or placed in the U.S. mail on or before Tuesday of every second week, covering wages, including overtime, earned through Thursday of the preceding week, except when holidays or circumstances intervening beyond the Company's control make such practice impossible.

Section 6.9 Report Time.

If an employee reports for work in accordance with instructions, he/she shall receive a minimum of eight (8) hours pay at his/her 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/her 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/her 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 Subparagraph 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 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 Sections (2)(c), (2)(d) or (2)(e) of this Section 6.10(b) apply.

6.10(c) The following subparagraphs of this Section 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/her assigned shift, by an employee on first or second shift, an employee shall be paid one and one-half times his/her base rate for the first two (2) hours and double his/her base rate thereafter.

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

6.10(d) The following subparagraphs of this Section 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:

If Work Period Starts	Shift	Day
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/her 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/her base rate for that shift and double such base rate thereafter.

6.10(d)(3) For the first six and one-half (6-1/2) hours of work by an employee on the first day of his/her 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/her 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/her 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 6.10(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. Overtime will be paid in the next regularly scheduled paycheck.

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:

2008 Holidays	Day	Date of Observance
Thanksgiving Day	Thursday	November 27, 2008
Friday following Thanksgiving	Friday	November 28, 2008
Winter Break	Wednesday	December 24, 2008
Winter Break	Thursday	December 25, 2008
Winter Break	Friday	December 26, 2008
Winter Break	Monday	December 29, 2008
Winter Break	Tuesday	December 30, 2008
Winter Break	Wednesday	December 31, 2008
2009 Holidays	**Day**	**Date of Observance**
Winter Break	Thursday	January 1, 2009
Memorial Day	Monday	May 25, 2009

2009 Holidays	Day	Date of Observance
Independence Day	Friday	July 3, 2009
Labor Day	Monday	September 7, 2009
Thanksgiving Day	Thursday	November 26, 2009
Friday following Thanksgiving	Friday	November 27, 2009
Winter Break	Thursday	December 24, 2009
Winter Break	Friday	December 25, 2009
Winter Break	Monday	December 28, 2009
Winter Break	Tuesday	December 29, 2009
Winter Break	Wednesday	December 30, 2009
Winter Break	Thursday	December 31, 2009
2010 Holidays	**Day**	**Date of Observance**
Winter Break	Friday	January 1, 2010
Memorial Day	Monday	May 31, 2010
Independence Day	Monday	July 5, 2010
Labor Day	Monday	September 6, 2010
Thanksgiving Day	Thursday	November 25, 2010
Friday following Thanksgiving	Friday	November 26, 2010
Winter Break	Friday	December 24, 2010
Winter Break	Monday	December 27, 2010
Winter Break	Tuesday	December 28, 2010
Winter Break	Wednesday	December 29, 2010
Winter Break	Thursday	December 30, 2010
Winter Break	Friday	December 31, 2010
2011 Holidays	**Day**	**Date of Observance**
Winter Break	Monday	January 3, 2011
Memorial Day	Monday	May 30, 2011
Independence Day	Monday	July 4, 2011
Labor Day	Monday	September 5, 2011
Thanksgiving Day	Thursday	November 24, 2011
Friday following Thanksgiving	Friday	November 25, 2011
Winter Break	Friday	December 23, 2011
Winter Break	Monday	December 26, 2011

2011 Holidays	Day	Date of Observance
Winter Break	Tuesday	December 27, 2011
Winter Break	Wednesday	December 28, 2011
Winter Break	Thursday	December 29, 2011
Winter Break	Friday	December 30, 2011
2012 Holidays	**Day**	**Date of Observance**
Winter Break	Monday	January 2, 2012
Memorial Day	Monday	May 28, 2012
Independence Day	Wednesday	July 4, 2012
Labor Day	Monday	September 3, 2012
Thanksgiving Day	Thursday	November 22, 2012
Friday following Thanksgiving	Friday	November 23, 2012
Winter Break	Monday	December 24, 2012
Winter Break	Tuesday	December 25, 2012
Winter Break	Wednesday	December 26, 2012
Winter Break	Thursday	December 27, 2012
Winter Break	Friday	December 28, 2012
Winter Break	Monday	December 31, 2012
2013 Holidays	**Day**	**Date of Observance**
Winter Break	Tuesday	January 1, 2013
Memorial Day	Monday	May 27, 2013
Independence Day	Thursday	July 4, 2013
Labor Day	Monday	September 2, 2013
Thanksgiving Day	Thursday	November 28, 2013
Friday following Thanksgiving	Friday	November 29, 2013
Winter Break	Tuesday	December 24, 2013
Winter Break	Wednesday	December 25, 2013
Winter Break	Thursday	December 26, 2013
Winter Break	Friday	December 27, 2013
Winter Break	Monday	December 30, 2013
Winter Break	Tuesday	December 31, 2013
2014 Holidays	**Day**	**Date of Observance**
Winter Break	Wednesday	January 1, 2014

2014 Holidays	Day	Date of Observance
Memorial Day	Monday	May 26, 2014
Independence Day	Friday	July 4, 2014
Labor Day	Monday	September 1, 2014
Thanksgiving Day	Thursday	November 27, 2014
Friday following Thanksgiving	Friday	November 28, 2014
Winter Break	Wednesday	December 24, 2014
Winter Break	Thursday	December 25, 2014
Winter Break	Friday	December 26, 2014
Winter Break	Monday	December 29, 2014
Winter Break	Tuesday	December 30, 2014
Winter Break	Wednesday	December 31, 2014
2015 Holidays	**Day**	**Date of Observance**
Winter Break	Thursday	January 1, 2015
Memorial Day	Monday	May 25, 2015
Independence Day	Friday	July 3, 2015
Labor Day	Monday	September 7, 2015
Thanksgiving Day	Thursday	November 26, 2015
Friday following Thanksgiving	Friday	November 27, 2015
Winter Break	Thursday	December 24, 2015
Winter Break	Friday	December 25, 2015
Winter Break	Monday	December 28, 2015
Winter Break	Tuesday	December 29, 2015
Winter Break	Wednesday	December 30, 2015
Winter Break	Thursday	December 31, 2015
2016 Holidays	**Day**	**Date of Observance**
Winter Break	Friday	January 1, 2016
Memorial Day	Monday	May 30, 2016
Independence Day	Monday	July 4, 2016
Labor Day	Monday	September 5, 2016
Thanksgiving Day	Thursday	November 24, 2016
Friday following Thanksgiving	Friday	November 25, 2016
Winter Break	Friday	December 23, 2016

2016 Holidays	Day	Date of Observance
Winter Break	Monday	December 26, 2016
Winter Break	Tuesday	December 27, 2016
Winter Break	Wednesday	December 28, 2016
Winter Break	Thursday	December 29, 2016
Winter Break	Friday	December 30, 2016
2017 Holidays	**Day**	**Date of Observance**
Winter Break	Monday	January 2, 2017
Memorial Day	Monday	May 29, 2017
Independence Day	Tuesday	July 4, 2017
Labor Day	Monday	September 4, 2017
Thanksgiving Day	Thursday	November 23, 2017
Friday following Thanksgiving	Friday	November 24, 2017
Winter Break	Friday	December 22, 2017
Winter Break	Monday	December 25, 2017
Winter Break	Tuesday	December 26, 2017
Winter Break	Wednesday	December 27, 2017
Winter Break	Thursday	December 28, 2017
Winter Break	Friday	December 29, 2017
2018 Holidays	**Day**	**Date of Observance**
Winter Break	Monday	January 1, 2018
Memorial Day	Monday	May 28, 2018
Independence Day	Wednesday	July 4, 2018
Labor Day	Monday	September 3, 2018
Thanksgiving Day	Thursday	November 22, 2018
Friday following Thanksgiving	Friday	November 23, 2018
Winter Break	Monday	December 24, 2018
Winter Break	Tuesday	December 25, 2018
Winter Break	Wednesday	December 26, 2018
Winter Break	Thursday	December 27, 2018
Winter Break	Friday	December 28, 2018
Winter Break	Monday	December 31, 2018

2019 Holidays	Day	Date of Observance
Winter Break	Tuesday	January 1, 2019
Memorial Day	Monday	May 27, 2019
Independence Day	Thursday	July 4, 2019
Labor Day	Monday	September 2, 2019
Thanksgiving Day	Thursday	November 28, 2019
Friday following Thanksgiving	Friday	November 29, 2019
Winter Break	Tuesday	December 24, 2019
Winter Break	Wednesday	December 25, 2019
Winter Break	Thursday	December 26, 2019
Winter Break	Friday	December 27, 2019
Winter Break	Monday	December 30, 2019
Winter Break	Tuesday	December 31, 2019
2020 Holidays	**Day**	**Date of Observance**
Winter Break	Wednesday	January 1, 2020
Memorial Day	Monday	May 25, 2020
Independence Day	Friday	July 3, 2020
Labor Day	Monday	September 7, 2020
Thanksgiving Day	Thursday	November 26, 2020
Friday following Thanksgiving	Friday	November 27, 2020
Winter Break	Thursday	December 24, 2020
Winter Break	Friday	December 25, 2020
Winter Break	Monday	December 28, 2020
Winter Break	Tuesday	December 29, 2020
Winter Break	Wednesday	December 30, 2020
Winter Break	Thursday	December 31, 2020
2021 Holidays	**Day**	**Date of Observance**
Winter Break	Friday	January 1, 2021
Memorial Day	Monday	May 31, 2021
Independence Day	Monday	July 5, 2021
Labor Day	Monday	September 6, 2021
Thanksgiving Day	Thursday	November 25, 2021
Friday following Thanksgiving	Friday	November 26, 2021

2021 Holidays	Day	Date of Observance
Winter Break	Friday	December 24, 2021
Winter Break	Monday	December 27, 2021
Winter Break	Tuesday	December 28, 2021
Winter Break	Wednesday	December 29, 2021
Winter Break	Thursday	December 30, 2021
Winter Break	Friday	December 31, 2021
2022 Holidays	**Day**	**Date of Observance**
Winter Break	Monday	January 3, 2022
Memorial Day	Monday	May 30, 2022
Independence Day	Monday	July 4, 2022
Labor Day	Monday	September 5, 2022
Thanksgiving Day	Thursday	November 24, 2022
Friday following Thanksgiving	Friday	November 25, 2022
Winter Break	Friday	December 23, 2022
Winter Break	Monday	December 26, 2022
Winter Break	Tuesday	December 27, 2022
Winter Break	Wednesday	December 28, 2022
Winter Break	Thursday	December 29, 2022
Winter Break	Friday	December 30, 2022
2023 Holidays	**Day**	**Date of Observance**
Winter Break	Monday	January 2, 2023
Memorial Day	Monday	May 29, 2023
Independence Day	Thursday	July 4, 2023
Labor Day	Monday	September 4, 2023
Thanksgiving Day	Thursday	November 23, 2023
Friday following Thanksgiving	Friday	November 24, 2023
Winter Break	Friday	December 22, 2023
Winter Break	Monday	December 25, 2023
Winter Break	Tuesday	December 26, 2023
Winter Break	Wednesday	December 27, 2023
Winter Break	Thursday	December 28, 2023
Winter Break	Friday	December 29, 2023

2024 Holidays	Day	Date of Observance
Winter Break	Monday	January 1, 2024
Memorial Day	Monday	May 27, 2024
Independence Day	Thursday	July 4, 2024
Labor Day	Monday	September 2, 2024

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 (90) 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 (1) 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 (2) consecutive days off during the week, the two (2) 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/her 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/her 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/her 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 (5) years of seniority will earn one (1) hour credit for each seventeen (17) hours worked.

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

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

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

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

8.2(f) An employee with twenty-five (25) or more years of seniority will earn one (1) hour credit for each ten (10) 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 (8) to six and one (6-1/2)-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/her credit as provided in Section 8.4 after reaching his/her first eligibility date, except as provided in Subparagraph 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/she 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 (40) 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/her unused Vacation Credit accumulated in the twelve (12)-month period preceding his/her 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/she shall request vacation dates on forms provided by the Company and the Company will endeavor to schedule

his/her vacation as requested. Generally, Vacation Credit will be used in units of eight (8) 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 thirty (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/she may elect to take his/her vacation with pay, to the extent of his/her eligibility, during such layoff or leave.

8.4(b)(5) If an employee's Sick Leave Credit is exhausted, management shall allow an employee to use vacation credit to care for a child, spouse, parent, parent-in-law, or grandparent as may be required by law, even if an employee is under a Corrective Action Memo for attendance. In other cases, 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 Subparagraph 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/her option, use any part or all of his/her 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/her 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 Subparagraph 8.4(b)(5) and Section 8.5(a).

8.4(c)(2) Prior to First Eligibility Date. Prior to his/her first eligibility date an employee may use in accordance with Subparagraph 8.4(c)(1) accumulated Sick Leave Credits anticipated to be allocated on his/her first eligibility date. Use of such credits will be considered to be an advance from the employees' Sick Leave Credits due on his/her first eligibility date and will reduce such allocation accordingly. Should the employee terminate for any reason other than layoff prior to completion of his/her 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/her 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 (10) working days before the employee's next eligibility date. Once an employee elects this exception to carryover vacation, that election will remain in effect unless otherwise requested. 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 forty (40) unused hours in his/her 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 forty (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; time loss as a result of industrial injury or illness; authorized military leave of absence pursuant to Section 6.6(b), 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/her hours of Vacation Credit and Sick Leave Credit earned and unused up to and including the effective date of his/her termination of employment. For the purposes of this Section 8.4(f) only, an employee shall be deemed to have terminated on or after his/her first eligibility date if he/she worked on his/her 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/her hours of Vacation Credit and Sick Leave Credit earned and unused up to the effective date of termination irrespective of whether he/she has been employed until his/her eligibility date. Such payment will be made when the employee furnishes proof, satisfactory to the Company, of his/her entry into military service within sixty (60) 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 (14) calendar days or less)

shall receive pay in lieu of all of his/her hours of Vacation Credit and Sick Leave Credit earned and unused up to the effective date of layoff irrespective of whether he/she has been employed until his/her 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/she may apply for and use his/her unused Credit accumulated in the twelve (12)-month period preceding his/her last eligibility date (to the extent that it is not allocated or required to be allocated to his/her 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 Section 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 40l(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 the innovations in technology and administrative practices can give savings plan participants better access to information about their benefits, increased investment options, timely on-line transactions 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 9.5 Company Matching Contributions
The Company matching contribution shall be equal to fifty (50) percent of the first eight (8) percent of the employee's contributions.

Section 9.6 Changes to the Current Plan.
Subject to action by the Company's Board of Directors (or its delegate, the Employee Benefit Plans Committee) 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, 2009:

9.6(a) Effective January 1, 2009 through December 31, 2014, employees may contribute up to twenty-five (25) percent on a pre-tax basis, an after tax basis, or a combination of both, in one (1) percent increments.

9.6(b) Effective January 1, 2015, employees may contribute up to thirty (30) percent on a pre-tax basis, an after tax basis, or a combination of both, in one (1) percent increments.

9.6(c) Employees hired or rehired on or after January 3, 2014, will be eligible for an additional Special Company Retirement Contribution under the Plan. Each pay period, the Company will contribute to the Plan an amount equal to four (4) percent of the employee's eligible pay for that pay period.

Eligible pay, for the purpose of calculating the Special Company Retirement Contribution, is base pay, shift differential, pay additives (e.g., team leader, A&P, etc.), overtime premium, paid time off (excluding payout of unused benefits), cost of living adjustments (COLA) and Aerospace Machinists Performance Program (AMPP) payments paid on or after January 1, 2015 and before the end of the payroll cycle following his or her termination of employment. Employees will be one hundred (100) percent vested immediately in the Special Company Retirement Contribution. For purposes of determining eligibility for the Special Company Retirement Contribution, the employee will be considered hired before January 3, 2014, if:

1. On an authorized leave of absence on January 2, 2014, and returns to active employment directly from that authorized leave of absence.
2. An active employee on January 2, 2014, goes on an authorized leave of absence, and returns to active employment directly from that authorized leave of absence.
3. On layoff on January 2, 2014, and returns to active employment within six (6) years of the layoff date.
4. An active employee on January 2, 2014, is laid off, and returns to active employment within six (6) years of layoff date.

The employee is considered rehired if:

1. The employee voluntarily terminates employment and is subsequently reemployed.
2. The employee returns to active employment from layoff and the return date is more than six (6) years after the date of layoff.
3. The employee commences their retirement benefit during the layoff period and later returns to active employment within six (6) years of the layoff date.

9.6(d) Employees hired or rehired before January 3, 2014, will be eligible for an additional Special Company Retirement Contribution under the Plan, effective November 1, 2016, and are not eligible for any Special Company Retirement Contribution under this paragraph 9.6(d) prior to November 1, 2016. Each pay period the Company will contribute to the Plan an amount equal to a percent of the employee's eligible pay (as described in paragraph 9.6(c) above) for that period, according to the schedule below:

Contribution Period	**Special Company Retirement Contribution**
November 1, 2016 – October 31, 2017	10%
November 1, 2017 – October 31, 2018	10%
November 1, 2018 - October 31, 2019	6%
November 1, 2019 and thereafter	4%

Employees will be one hundred (100) percent immediately vested in the Special Company Retirement Contribution. An employee eligible for the Special Company Retirement Contribution under this paragraph 9.6(d) who subsequently becomes rehired after January 2, 2014, as outlined in paragraph 9.6(c) above, will be eligible for the Special Company Retirement Contribution under paragraph 9.6(c) upon rehire, and will no longer be eligible for the Special Company Retirement Contribution under this paragraph 9.6(d).

9.6(e) Effective November 1, 2016, employees will be eligible for an increased company matching contribution to the Plan of seventy-five (75) percent of the first eight (8) percent of the employee's combined pre-tax and after-tax contributions.

9.6(f) Effective January 1, 2016, those employees who are contributing less than four (4) percent to the Plan, will be automatically enrolled at a

rate of four (4) percent of eligible compensation (as defined in the Plan) on a pretax basis on April 1, 2016.

All newly hired or rehired employees on or after January 1, 2016 will continue to be automatically enrolled at a rate of four (4) percent of eligible compensation (as defined in the Plan) on a pretax basis as soon as practicable.

Employees automatically enrolled may elect to opt out or enroll at a different percentage at any time in accordance with the Plan provisions and procedures.

Effective April 1, 2017, and each April 1 thereafter, employees automatically enrolled at a rate of four (4) percent on or after April 1, 2016 as described above and any newly hired or rehired employees automatically enrolled during 2016 or any subsequent year as described above, who remain automatically enrolled on such April 1, will have contributions increased with a one (1) percent escalation annually, beginning on April 1 of the year following the year in which they are automatically enrolled and each April 1 thereafter, up to eight (8) percent of eligible compensation. Employees who opt out or enroll at a different percentage prior to any April 1 on which an automatic escalation is to take effect will not be auto-escalated on such April 1, or any April 1 thereafter. This automatic escalation of an employee contribution will be administered in accordance with the Plan provisions and procedures.

9.6(g) Effective January 1, 2015, eligible employees may elect to defer all or a portion (in whole percentage increments) of any Aerospace Machinists Performance Program (AMPP) payment on a pre-tax basis into the Plan, subject to Plan contribution limits and without any Company matching contribution, at the employee's annual election and pursuant to procedures established by the Plan Administrator. AMPP payments eligible for deferral are limited to payments made on or after January 1, 2015, and before the end of the payroll cycle following his or her termination of employment. AMPP payments will not be counted for purposes of the automatic enrollment or auto-escalation provisions of paragraph 9.6(f) above.

9.6(h) Effective January 3, 2014, or as soon as practicable thereafter, the Company will provide an advisor service which includes general retirement planning and personalized investment advice to participants with account balances in the Plan. Additionally, a fee-for-service professional account manager option will be offered as part of the advisor service, where participants may elect to have account balances in the Plan actively managed. Fees for the professional account manager

option will be charged to the plan accounts of those Plan participants who elect the option.

9.6 (i) The following provisions of Section 10.4(b) of the Plan relating to hardship withdrawals shall not apply to the Special Company Retirement Contribution described in paragraphs (c) and (d) above, i.e., such events shall not constitute a financial hardship for which a withdrawal is available: Section 10.4(b)(2)(purchase of a principal residence), Section 10.4(b)(3)(post-secondary tuition, fees and room and board expenses), Section 10.4(b)(6)(repairs to a principal residence) and Section 10.4(b)(7)(leave of absence without pay for more than fifteen (15) days).

Section 9.7 Required Plan Amendments.
The Company, through the Board of Directors (or its delegate, the Employee Benefit Plans Committee) reserves the right to amend the Plan to satisfy all requirements of laws applicable to the Savings Plan, including but not limited to Section 401(a), Section 401(k) or any other applicable provision of the Internal Revenue Code of 1986, as amended, or to satisfy fiduciary duties under the Employee Retirement Income Security Act of 1974, as determined by the Company, or to satisfy federal or state securities laws.

Section 9.8 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 10.6, 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 Sections 401(a) and 501(a), respectively, and other applicable provisions of the Internal Revenue Code of l986, 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 Benefits.
The Plan uses two formulas to determine a retired employee's pension benefit, the standard and alternate benefit formulas as described in the Plan. The retired employee will receive benefits under the formula that produces the larger monthly benefit.

Section 10.6 Changes to the Current Plan.
Subject to action by the Company's Board of Directors, or its delegates, and to the approvals specified in Section 10.2, except as the parties may otherwise agree pursuant to any Letter of Understanding, all provisions of The Boeing Company Employee Retirement Plan are to remain unchanged with the exception of the following amendments. Changes agreed to in the Collective Bargaining Agreement of September 29, 2005, as amended by the December 7, 2011, contract extension, are incorporated into the Plan.

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

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

Effective January 1, 2013, the Basic Benefit will be increased to $85.00 per month for all years of Credited Service for employees on the active payroll, or those on an authorized period of absence on or after January 1, 2013 (including those who retire from the employ of the Company on January 1, 2013).

Effective January 1, 2014, the Basic Benefit will be increased to $87.00 per month for all years of Credited Service for employees on the active payroll, or those on an authorized period of absence on or after January 1, 2014 (including those who retire from the employ of the Company on January 1, 2014).

Effective January, 1, 2015, the Basic Benefit will be increased to $89.00 per month for all years of Credited Service for employees on the active payroll, or those on an authorized period of absence on or after January 1, 2015 (including those who retire from the employ of the Company on January 1, 2015).

Effective January 1, 2016, the Basic Benefit will be increased to $91.00 per month for all years of Credited Service for employees on the active payroll, or those on an authorized period of absence on or after January 1, 2016 (including those who retire from the employ of the Company on January 1, 2016).

Effective October 1, 2016, the Basic Benefit will be increased to $95.00 per month for all years of Credited Service for employees on the active payroll, or those on an authorized period of absence on or after October 1, 2016 (including those who retire from the employ of the Company on October 1, 2016).

10.6(b) Effective Date of Amendments. The amendments set forth in Section 10.6(a) will take effect January 1, 2009, or on such later date as noted therein.

Section 10.7 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 10.8 Retirement Benefits for Employees in the Portland Unit. The Company will cease all contributions to the Western Metal Industry Pension Fund pursuant to this Agreement and any Memorandum of Understanding on behalf of employees in the Portland Unit effective 11:59 p.m. on October 31, 2016, or September 8, 2016, if the Fund shall have rules requiring that changes to contributions may become effective only at the expiration of the current Collective Bargaining Agreement. In addition, effective January 1, 1981, such employees will also become participants under The Boeing Company Employee Retirement Plan as follows:

10.8(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 (1) 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 (1) year of eligibility service, or upon becoming an eligible employee, if later.

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

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

10.8(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.

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

Section 10.9 Future Hires. Employees hired or rehired on or after January 3, 2014, will not be eligible for participation in the BCERP. For purposes of determining eligibility for the Plan, the employee will be considered hired before January 3, 2014, if:

1. On an authorized leave of absence on January 2, 2014, and returns to active employment directly from that authorized leave of absence.

2. An active employee on January 2, 2014, goes on an authorized leave of absence, and returns to active employment directly from that authorized leave of absence.
3. On layoff on January 2, 2014, and returns to active employment within 6 years of the layoff date.
4. An active employee on January 2, 2014, is laid off, and returns to active employment within 6 years of layoff date.

The employee is considered rehired if:

1. The employee voluntarily terminates employment and is subsequently reemployed.
2. The employee returns to active employment from layoff and the return date is more than 6 years after the date of layoff.
3. The employee commences their retirement benefit during the layoff period and later returns to active employment within 6 years of the layoff date.

Section 10.10 Pension Accruals to Cease

10.10(a) Pension accruals under The Boeing Company Employee Retirement Plan (BCERP) will cease effective 11:59 p.m. on October 31, 2016. After October 31, 2016, no further benefits will accrue under the BCERP. Benefits for current employees who are participants in the BCERP will be determined based on their pension accrual calculated as of October 31, 2016, and no new participants will be added to the BCERP after October 31, 2016. This cessation of pension accruals will not result in the loss of any pension benefits accrued through October 31, 2016. To the extent not vested pursuant to paragraph 10.10(c) below, BCERP participants shall be fully vested in their accrued benefit effective October 31, 2016, to the extent required by law, and service performed after October 31, 2016 will not be counted for any purpose except for eligibility for disability retirement benefits and as otherwise required by law. The benefits accrued as of October 31, 2016 will remain obligations of the BCERP and its related trust on behalf of existing BCERP participants and will be paid in accordance with the terms of the BCERP.

10.10(b) Subject to paragraph (a), the Company will continue to maintain the BCERP and its related trust, provided that, the Company may amend the BCERP to merge it with any other pension plan maintained by the Company. Any such merger shall not adversely affect the benefits accrued by BCERP participants as of October 31, 2016. The Company may amend the BCERP, from time to time, as it determines in its sole discretion to be necessary or appropriate to implement the cessation of pension accruals described in paragraph (a)

or to maintain the BCERP's tax-qualified status or otherwise comply with applicable law.

10.10(c) All BCERP participants on the active payroll, or an authorized leave of absence on January 3, 2014, will become one hundred (100) percent immediately vested in his or her accrued benefit under the BCERP as of January 3, 2014.

10.10(d) Effective October 1, 2016, for employees on the active payroll, or an authorized leave of absence of ninety (90) days or less on or after October 1, 2016 (including those who retire from the employ of the Company on October 1, 2016), the monthly amount of Retirement Income payable under Section 5.3 of the BCERP to an employee retiring on an Early Retirement Date will be equal to one hundred (100) percent of the Accrued Benefit earned to his or her Early Retirement Date for employees age 58 or older at such Early Retirement Date. No changes apply to the percentages payable at any earlier age or any other early retirement eligibility requirements.

ARTICLE 11
GROUP BENEFITS

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

The Company will extend until December 31, 2024**,** the Group Benefits Program agreed to in the Collective Bargaining Agreement, as amended by the December 7, 2011 contract extension and further amended by the January 3, 2014 contract extension between the Company and the Union for eligible employees and medical benefits and dental benefits for covered dependents of eligible employees as summarized in the document entitled Attachment A effective January 1, 2013, or as specifically stated therein.

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

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

11.2(b) Medical Benefits. The Company and the Union are committed to controlling health care costs through joint efforts under the Joint Committee on Health Care Costs and Quality. In support of these efforts, the Company will continue to share the cost of medical coverage with employees. Effective January 1, 2013, Company and employee contributions will be as follows:

11.2(b)(1) For the Traditional Medical Plan, Kaiser Coordinated Care Plan, Kaiser Health Maintenance Organization and Preferred

Health Systems Coordinated Care Plan coverage, employees will contribute $20 for employee only coverage, $40 for employee and spouse coverage, $40 for employee and child(ren) coverage, or $60 for employee and family coverage. The Company will pay the cost of each plan in excess of the amount contributed by employees.

For Selections Coordinated Care Plan, Selections Plus Coordinated Care Plan, and Group Health Health Maintenance Organization, employees will contribute $45 for employee only coverage, $90 for employee and spouse coverage, $90 for employee and child(ren) coverage, or $135 for employee and family coverage. The Company will pay the cost of each plan in excess of the amount contributed by employees.

11.2(b)(2) Effective January 1, 2014, contributions for plans identified in 11.2(b)(1) will increase ten (10) percent. Thereafter, on each successive January 1 (through and including January 1, 2017), contributions will increase ten (10) percent over the prior year's contributions. The Company will pay the cost of each plan in excess of the amount contributed by employees.

11.2(b)(3) Effective January 1, 2017, for the Traditional Medical Plan, Kaiser Coordinated Care Plan and Kaiser Health Maintenance Organization coverage, employees will contribute $40 for employee only coverage, $80 for employee and spouse coverage, $80 for employee and child(ren) coverage, or $120 for employee and family coverage. The Company will pay the cost of each plan in excess of the amount contributed by employees.

For Selections Coordinated Care Plan, Selections Plus Coordinated Care Plan, and Group Health Health Maintenance Organization, employees will contribute $70 for employee only coverage, $140 for employee and spouse coverage, $140 for employee and child(ren) coverage, or $210 for employee and family coverage. The Company will pay the cost of each plan in excess of the amount contributed by employees.

11.2(b)(4) Effective January 1, 2018, contributions for plans identified in 11.2(b)(3) will increase ten (10) percent. Thereafter, on each successive January 1 (through and including January 1, 2025), contributions will increase ten (10) percent over the prior year's contributions. The Company will pay the cost of each plan in excess of the amount contributed by employees.

The Affordable Care Act (ACA) will levy excise taxes for plans over certain statutory thresholds beginning in 2018. Beginning in the 2018 plan year and thereafter on an annual basis, the Company will, based on reviews with the Joint Committee on Health Care,

Cost, and Quality, make any necessary design changes to the active medical plans to avoid excise taxes related to the ACA. For active medical plans, in the event that plan design changes will be necessary to avoid the excise tax, the Company will make plan design and contribution changes in a manner that will maintain the negotiated cost share of sixteen (16) percent.

Medical contributions will increase as agreed to in Article 11, Section 2 (a maximum of ten (10) percent over the previous years' contributions), however, in the event the aggregate medical cost share for the active population is projected to be different than sixteen (16) percent for the following plan year, the active employee contribution will be prospectively adjusted for the following plan year evenly across all three plans and family tiers to keep the aggregate cost share at sixteen (16) percent.

11.2(b)(5) Effective January 1, 2013, there will be an additional contribution each calendar year as follows for employees and spouses or same gender domestic partners who do not complete the online health assessment. The additional contributions will be as follows:

- For either employee-only coverage or employee plus child(ren) coverage, the additional contribution will be $20 per month if the employee does not complete the online health assessment.
- For either employee plus spouse or same gender domestic partner coverage or employee plus spouse or same gender domestic partner plus child(ren) coverage, the additional contribution will be $40 per month if both the employee and spouse or same gender domestic partner do not complete the online assessment or $20 per month if only the employee (but not the spouse or same gender domestic partner), or spouse or same gender domestic partner (but not the employee) completes the online health assessment.

11.2(b)(6) The employee is required to contribute an additional $100 each month for medical coverage under the Group Benefits Program to enroll a spouse or same-gender domestic partner who is eligible for medical coverage under another employer-sponsored plan and waives such coverage. This $100 contribution will not be required for a spouse or same-gender domestic partner who waived coverage under another employer-sponsored plan prior to eligibility for medical coverage under the Group Benefits Program, provided he or she enrolls at the other plan's next enrollment

period or, if earlier, at an enrollment date allowed by the other plan.

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

Section 11.3 Type of Retiree Medical Plan.
For employees covered on or after July 1, 2003, the Company will provide for the duration of this Agreement for eligible retired employees and covered dependents of eligible retired employees the medical benefits summarized in the document entitled Attachment B, effective July 1, 2003, as amended December 7, 2011, 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.
Except as described in 11.4(b) and 11.4(c), the Company will share the cost of medical coverage for current eligible retired employees, employees on the active payroll, on layoff or on leave of absence on June 30, 2002 as follows:

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

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

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

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

11.4(d) Company contributions will be made only for an eligible retired employee who is receiving benefits from The Boeing Company Employee Retirement Plan (the "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. In the case of an employee hired or rehired on or after January 3, 2014, who is not a participant in the Retirement Plan, Company contributions will be made provided the employee meets the eligibility requirements of the Retiree Medical Plan and makes arrangements with the Company to self-pay for coverage. Such Company contribution will continue for an eligible retired employee or eligible spouse reduced by retired employee contributions required under Sections 11.4(a) and 11.4(b) and the spouse contribution in Section 11.4(c), if any, until such eligible person attains 65 years of age or is earlier eligible for Medicare, and for a dependent child, until such dependent is no longer an eligible dependent or earlier qualifies for Medicare.

The Affordable Care Act (ACA) will levy excise taxes for plans over certain statutory thresholds beginning in 2018. Beginning in the 2018 plan year, and thereafter on an annual basis, the Company will, based on reviews with the Joint Committee on Heath Care, Cost, and Quality, make any necessary design changes to the retiree medical plans to avoid excise taxes related to the ACA.

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.

Except as otherwise provided in this Article 11, during the term of this Agreement, the Company shall not change the benefits or increase the deductibles or copayments shown in Attachment A and Attachment B, except as required by law, without approval of the Union, and in the event the Company makes such change without the Union's approval, such action shall be subject to the provisions of Article 19 of this Agreement. The failure of an insurance company, health care contractor or administrative agent to provide for any of the benefits for which it has contracted shall result in no liability to the Company, nor shall such failure be considered a breach by the Company of the obligations which it has undertaken by this Agreement. However, in the event of any such failure, the Company shall immediately evaluate the need to replace the services of such insurance company, health care contractor, or administrative agent.

Section 11.6 Administration.
The Group Benefits Program and the Retiree Medical Plan shall be administered by the insurance companies, health care contractors or administrative agents with whom the Company enters into contractual relationships for the purpose of providing and/or administering the coverage contemplated by the Group Benefits Program or the Retiree Medical Plan and the Employee Benefit Plans Committee of The Boeing Company, and, except as provided in Section 11.5 above, no question or issue arising under the administration of such Group Benefits Program or the Retiree Medical Plan or the contracts and/or administrative agreements identified therewith shall be subject to the grievance procedure or arbitration provisions of Article 19 of this Agreement. No new medical or dental plans will be added or existing plans deleted without prior consultation and notification of the Union.

Section 11.7 Copies of Policies to be Furnished to Union.
Copies of the policies, contracts, and administrative agreements executed pursuant to this Article 11 shall be furnished to the Union and the coverages and benefits indicated in the Group Benefits Program or the Retiree Medical Plan, the rights of eligible employees in respect of such coverages, and the settlement of all claims arising out of such coverages, shall be in accordance with the provisions, terms and rules set forth in such contracts.

Section 11.8 Federal or State Programs.
If during the term of this Agreement there is mandated by federal or state government a program that affords to employees and/or retirees covered by this Agreement similar benefits (such as but not limited to medical benefits and dental benefits) to those that are afforded by this Agreement, benefits afforded by this Agreement will be replaced by such federal or state

program. The Company will comply with the provisions for the furnishing of such program to the extent required by law. No question or issue regarding the level of benefits under the state or federal program shall be subject to the grievance procedure or arbitration provisions of Article 19 of this Agreement.

ARTICLE 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 to the 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/her part to undertake the assignment, as to the published policy or policies and the particular provisions thereof that are to be applied to him/her in connection with the assignment if he/she takes it; and if he/she 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 "Corporate Job List - Existing Jobs as of September 4, 2008" 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 13.9. 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 in programs currently in production, the Company will identify the job classifications whose current work assignments will form the basis for the Determining Duties of the new or temporary job description. The Company will then initially staff these positions with senior volunteers from the employees currently assigned to those existing job classifications within the organization from the site where the new or temporary job is being installed. 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 of the Union's challenge as described in Section 13.8, the Union may, within the next ten (10) 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 Section 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 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 4, 2008, 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/she had immediately prior to the effective date of this Agreement, calculated in accordance with the Collective Bargaining Agreement between the parties dated September 29, 2005; plus

14.1(b) The time after such effective date that he/she 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/she 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 (5) years spent on such payroll following such effective date, provided he/she 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 (1) year during any such period; plus

14.1(b)(8) the first ninety (90) 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(e); plus

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

(a) A period of eight (8) 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 (3) years for employees with less than three (3) 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);

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.

14.3(a)(2) Discharge for cause.

14.3(a)(3) Failure to respond with his/her acceptance within seven (7) regular workdays after dispatch by courier or 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/she must accept under the applicable provisions of Article 22 or lose seniority. However, if such an employee, who otherwise would retain his/her seniority except for the provisions of this Section 14.3(a)(3), contacts the Company in writing within thirty (30) calendar days of his/her seniority loss, his/her seniority will be reinstated and he/she 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 (5) 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 eight (8) years for employees with five (5) or more years of seniority at time of layoff; layoff for a period in excess of five (5) years for employees with three (3) years or more but less than five (5) years seniority at time of layoff; layoff for a period in excess of three (3) years for employees with less than three (3) years seniority at time of layoff.

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

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, 1990, who has lost his/her seniority solely because of the application of Subparagraph 14.3(a)(5) shall, upon re-employment by the Company, have that seniority reinstated if the employee returns to the active payroll and his/her period of separation from the active payroll does not exceed the amount of seniority he/she had at the

date of his/her layoff, plus the amount of seniority he/she accumulated under the applicable provisions of all Collective Bargaining Agreements between the parties beginning October 4, 1980 and thereafter.

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/her injury or illness requires that he/she 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/she is appointed by the President or Directing Business 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.

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/her 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/she is medically able to perform the job which he/she last held:

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

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

15.2(b) Where an employee returns from a leave of absence of the type described in Section 15.2(a) and he/she is medically not able to perform the job which he/she last held, he/she will be considered for any job that he/she is qualified and able to perform (or for any temporary light duty assignment that may be available at the Company's discretion), or (if a surplus occurred that would have affected him/her during such leave) be subjected to surplusing 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 (1) year, and he/she is medically able to perform the job which he/she 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 Section 15.2(c) and he/she is medically not able to perform the job which he/she last held, he/she will be considered for any job which he/she 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 (1) year, the employee may be returned to the job title which he/she last held providing there is an opening in such job title and his/her placement in such opening is not inconsistent with Article 22; otherwise, he/she 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 Sections 15.2(a) to 15.2(f), inclusive, and in Section 15.2(h), the employee will be returned to the job title which he/she last held providing there is an opening in such job title and his/her placement in such opening is not inconsistent with Article 22; otherwise, he/she 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/she last held if such job is then populated; if such job is not then populated he/she 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 high standards of occupational health, safety and environmental care 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, and that protects the environment. It is our intent that no employee shall be required to perform work that involves an imminent danger to health or physical safety. Both parties will continue to 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, safe and environmentally responsible workplace. Both parties agree that all employees should be actively involved in creating a safe workplace and complying with all applicable safety, health and environmental 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, safe and environmentally responsible 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.

16.2(a) Purpose. 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(b) 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. 26, entitled Administration of Joint Programs, and the parties' Letter of Understanding No. 18, 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. 26.

16.2(c) Administrative Staff. In support of the HSI Mutual Objective as outlined in Section 16.1, staff responsibilities include being involved in developing, recommending, and implementing health and safety programs**.** The IAM/Boeing Health & Safety Institute's Administrative Staff is described in the parties' Letter of Understanding No. 26, Sections C and D.

16.2(d) 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.

16.2(e) Site Committees.

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

16.2(e)(2) Responsibilities. Each Site Committee shall meet at least monthly and shall select from among its members a chairperson and secretary, from each party, who shall serve a half-year term. The chair and secretary shall rotate between the parties. Minutes of all meetings, tours and recommendations shall be forwarded to the Committee members, the senior operations site manager(s) the EHS Director and the Health and Safety Institute office. Each Site Committee shall be responsible to carry out those functions as directed by the Governing Board and as coordinated by the administrative staff. Each Site Committee also shall make a monthly tour based on the following criteria: accident injury rates, SHEAR forms, Operations safety plan goals and objectives and/or other tour indicators agreed to by the Site Committee. Information gathered will be shared with the organization, members of the Site Committee, Division Executives, EHS 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(f) Hazard Communication Team. The Hazard Communication Team shall consist of equal numbers of representatives of each party: team members will be from Puget Sound, Portland and Wichita. The Union's representatives shall be individuals who are knowledgeable about hazard communication issues, and at least one (1) administrative staff member. The Company's representatives shall be personnel from EHS 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 Joint Health and Safety Communication Committee.

16.2(g) 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(g)(1) The Health and Safety Institute provides training for employees where driven by requesting organizations, Operations safety plans, appropriate occupational health and safety practices and compliance, and other training mutually agreed to by the Governing Board.

16.2(g)(2) Shop Safety Monitors/Focals. 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, EHS, Union Stewards and Site Committee members provides to requesting organizations a shop safety monitor/focal selection process and training plan.

16.2(g)(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 with concurrence of the SMEs home organization. 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 home organization.

16.2(h) 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 with concurrence of their home organization. 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(i) 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. 18, entitled Expenditure of Funds Under Article 16 and Article 20.

16.2(j) 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 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, modern and sanitary safety 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 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 maintain a process that will provide employees up to $75.00 per year towards the purchase of approved safety shoes where such shoes are mandatory due to regulatory compliance or Company directive.

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, EHS, 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 Disputes.

Disputes concerning the Health and Safety Institute or its operations may be referred by the Joint Programs Executive Directors 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.

Section 16.7 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/she 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 seven (7) 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 16.8 First Aid.

16.8(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 Puget Sound, Portland and Wichita Primary Locations.

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

16.8(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/her 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/her work location too late to use his/her normal transportation home, the Company will provide that transportation.

Section 16.9 Medical Recommendations.

16.9(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.

16.9(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:

16.9(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;

16.9(b)(2) To report for re-evaluation 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;

16.9(b)(3) A statement by the employee's community Health Care Provider pertaining to his/her 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 will be removed when the medical recommendation expires, or is discontinued by the Company's Health Care Provider.

Section 16.10 Employees with Injuries or Illnesses.
With respect to employees who suffer an injury or illness on or after November 22, 1989:

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

16.10(b) Employees whose initial reclassification under Section 16.10(a) is to a lower-graded job shall receive the rate of pay for the job he/she would have held under Article 22 but for an industrial injury or illness, subject to the maximum of the labor grade he/she 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, or (2) the employee's workers' compensation claim is either

accepted by the Company or determined by the State to be compensable and shall end five (5) years later or at the employee's return to his/her 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 (2) dates.

16.10(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/she 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/she reports to work until he/she is so returned.

16.10(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 16.11 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.

ARTICLE 17
APPRENTICES

Section 17.1 Apprentice Rates.
Effective September 5, 2008, rates of pay for apprentices shall be as follows:

Time Period	Grade 8*	Grade 9*	Grade 10*
1st six months (1000 hours)	$24.13	$24.84	$25.48
2nd six months (1000 hours)	$25.35	$26.10	$26.52
3rd six months (1000 hours)	$26.57	$27.35	$27.55
4th six months (1000 hours)	$27.78	$28.61	$28.59
5th six months (1000 hours)	$29.00	$29.87	$29.62
6th six months (1000 hours)	$30.23	$31.13	$30.66
7th six months (1000 hours)	$31.45	$32.38	$31.69
8th six months (1000 hours)	$32.67	$33.64	$32.73
*9th six months (1000 hours)	N/A	N/A	$33.76
*10th six months (1000 hours)	N/A	N/A	$34.80

*Applicable only to programs that require 10,000 hours.

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. 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/her supervisor of his/her grievance and then, if he/she so desires, shall discuss his/her 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/her supervisor if he/she so chooses. If the purpose of the employee's contacting his/her 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 l, the business representative, if he/she 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/she is available to be presented with such copy. If he/she 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 (10) 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 (30) 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 Puget Sound, Portland, and Wichita. The Portland and Wichita 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. Assignment of cases to arbiters on the Portland and Wichita panels shall be rotated in the alphabetical order of the last names of those available on the panel. The Puget Sound panel shall be comprised of six (6) arbiters and insofar as practicable, the arbiters shall be located in the general vicinity of the Puget Sound location. Assignment of cases to arbiters shall be accomplished by the parties taking turns in striking a name from the panel until one (1) name remains. The arbiter whose name remains shall be the arbiter for that case. The right to strike first shall be alternated between the parties on a case-by-case basis. 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.

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/she 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/her 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/her 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/she may designate an accredited steward or another accredited business representative to act for him/her, as his/her 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/her duties under this Article 19, he/she 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 Sections 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, paragraphs 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/her under Section 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/her to the questions presented to him/her in accordance with this Section 19.15 and he/she 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: (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; and (4) 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. 26, entitled Administration of Joint Programs, and the parties' Letter of Understanding No. 18, 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. 26.

20.2(c) IAM / Boeing Quality Through Training Program (QTTP) Administrative Staff. 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. The IAM/Boeing Quality Through Training Program (QTTP) Administrative Staff is described in the parties' Letter of Understanding No. 26, Sections C and D.

20.2(d) Training Programs. QTTP, 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 the 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, Employee Development Resource 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) Apprenticeship. As approved by the National Governing Board, QTTP will support Apprenticeship programs. IAM/Boeing Apprenticeship programs in Kansas, Washington and Oregon will be

under the direction of the Joint Apprenticeship Committees 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. 18, 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 by the Joint Programs Executive Directors 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 approved by QTTP.

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) Employees eligible for educational funding from a government agency must apply for and utilize those resources prior to being eligible for funding under Education Assistance.

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 Section 21.1(a).

Section 21.2 Financial Awards.
The Company and the Union agree that bargaining unit employees will be eligible to participate in the Boeing Cash Award Program, effective January 2006, as defined in the Boeing Cash Award Program administrative guide. Awards are a one time payment to recognize individual or team accomplishments. The purpose of this program is to permit timely cash payments to recognize individual or team accomplishments that are the result of extraordinary performance or performance that exceeds job expectations. The Union will be notified of Boeing Cash Awards that are made to bargaining unit employees. The Company reserves the right to amend, modify, and/or discontinue the Boeing Cash Award Program at any time.

Section 21.3 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 21.4 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 21.4. Notwithstanding any other provision of this Section 21.4 or of this Agreement, a grievance alleging a violation of this Section 21.4, 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 21.4 shall not be subject to the grievance procedure and arbitration under Article 19 of this Agreement.

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/her shop steward, if the shop steward is available. If his/her 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/her 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:

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.

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.

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.

Section 21.7 Subcontracting.
The parties acknowledge that subcontracting work (moving work from a Company facility to an outside supplier) and offloading work (moving work from one Company facility to another Company facility not covered by this Agreement) affect the job security of employees. The word “work” for

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

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

To enable the Union Site Representatives to suggest alternatives that would allow the retention of work within the bargaining unit, the Company will, at least one hundred eighty (180) days prior to signing the subcontract or offloading the work, provide notice to the Union of plans to subcontract or offload work then being performed by bargaining unit employees. With respect to plans to consolidate work for efficiency or strategic reasons in a Company facility not covered by this Agreement, the Company will provide notice at least sixty (60) days prior to offloading the work then being performed by bargaining unit employees. The notice will include the reason for the planned subcontracting or offloading. The Company will provide the Union Site Representatives with the information used by the Company's Work Movement Groups to assess the relative costs of subcontracting, offloading, or performing the work in the bargaining unit. The Union will keep confidential, and not disclose, any information provided pursuant to this Section 21.7 which the Company designates as not subject to disclosure.

For subcontracting and offloading decisions affecting less than ten (10) employees (including but not limited to decisions to consolidate work for efficiency or strategic reasons in a Company facility not covered by this Agreement), the Company will provide notice to the Union Site Representatives of plans to subcontract or offload work then being

performed by bargaining unit employees. The notice will include the reason for the planned subcontracting or offloading. The one hundred eighty (180) day or sixty (60) day notice restriction will not apply to subcontracting and offloading decisions affecting less than ten (10) employees. If time permits following the notice, Union Site Representatives may recommend subcontracting of offloading alternatives to such decisions (those affecting less than ten (10) employees) that are financially and strategically sound.

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

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

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

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

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

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

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

Anything in this Section 21.7 to the contrary notwithstanding, it is agreed that under and included within the meaning of Article 2 of this Agreement that the Company has the right to subcontract and offload work, to make and carry out decisions in (a) through (d) above, to enter offsets and offset arrangements, and to designate the work to be performed by the Company

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

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

Section 21.8 Pilot Projects.

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:

1. Review and evaluate pilot projects involving innovative approaches in the workplace and provide for their implementation, operation and assessment;
2. 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;
3. Review experiences of other employees and unions with similar activities and provide for dissemination of information;
4. 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;
5. Following implementation and assessment of a pilot project, review the feasibility of broader application; and
6. Select consultants and other outside experts by mutual agreement.

21.8(b) Implementation of Pilot Projects. The Union and the Company shall meet and confer concerning implementation of any pilot projects 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.

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 (60th) day thereafter.

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 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 eight (8)-year period;

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

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

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/her obligation to exercise whatever Category A rights he/she 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, 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 (12) 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/her 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/her assigned primary or remote location or by an employee on layoff at the primary or remote location from which he/she was most recently assigned. Such application shall become effective within five (5) 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/she 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 is extended an offer, or rejects an offer of a job for which he/she has filed

or the employee is relocated to a different primary location covered by this Agreement, whichever occurs first. An employee who rejects a job offer for which he/she has 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/she again be considered for that job title unless the employee refiles an application at any time ninety (90) or more calendar days after he/she 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, 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, and description of the job.

22.1(g) Job Family - Refers to two (2) 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 0.75 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 (6)-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 assigned to such job title:

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

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

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

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

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

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

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

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

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

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

22.1(l)(xi) 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 an alpha/numerically identified segment of the Company.

22.1(o) Promotion - Refers to the action of the Company in moving an employee from his/her 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, downgrade or lateral of affected employees.

22.1(q) Temporary Promotion - Refers to a promotion remaining in effect for a period of not more than thirty (30) consecutive calendar days, or for ninety (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 calendar 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 by the Company and administered through the IAM/Boeing Joint Programs.

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

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/her 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/her affected by the surplus action. The retained employee shall be notified of his/her retention status and shall retain that status for the remainder of the six (6)-month period in which he/she 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 (6)-month period or thereafter, the retainee (or, after such six (6)-month period, the previous retainee) 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 (6)-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 retainee, the most junior employee will be replaced. The Union will be notified of retention usage and may appeal to the site senior Human Resources representative or designee any perceived misapplications of this retention procedure. The site senior Human Resources representative or designee 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 (6)-month periods shall be used, the first period in each year to be from January 1 to June 30, inclusive, and the second period to be from July 1 to December 31, inclusive.

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

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

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

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

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

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

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

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/her 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 consecutive calendar days during the preceding eight (8)-year period.

The foregoing will apply providing work is being performed in such lower job title applicable to Section 22.6(a) above or in the job title applicable to Section 22.6(b) above and providing further that his/her seniority entitles him/her 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/she has downgrade rights and prefers layoff, he/she can so elect but he/she relinquishes Category A rights, to the job offered and rejected. When there is no such lower job title or where his/her seniority at the time does not entitle him/her to placement referred to in Section 22.6(a) or Section 22.6(b) above, he/she may be downgraded to any offered job title he/she will accept, or laid off. Reclassifications involving employees and the rights of such employees in connection with

surplusing procedures will be subject to the Category A rights of others to the extent provided in Section 22.7.

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

Section 22.7 Surplusing Procedures – Preferential Rights as to Certain Category A Employees.

Employees in Category A with one (1) 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 (3) 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 thirty (30) calendar days, or for ninety (90) calendar days when agreed upon by the Company and the Union, if requested by the Company for conditions such as surplus mitigation and maintaining production health, but not for the purpose of filling open requirements. Agreement will not be unreasonably withheld. This thirty (30)-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 thirty (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 sixty (60) calendar days, or for ninety (90) calendar days when agreed upon by the Company and the Union, if requested by the Company for conditions such as surplus mitigation and maintaining production health, but not for the purpose of filling open requirements. Agreement will not be unreasonably withheld.

22.7(e) For those openings in Labor Grade 4 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 surplused from the job title for more than thirty (30) calendar days.

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

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

Section 22.8 Surplusing 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 (14) 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, 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(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 (8)-year period shall, in the event of surplus action affecting him/her, be afforded the right to return to one of the other job titles in a job family in which he/she has worked during the eight (8)-

year period described above, providing he/she worked in that job title or family for ninety (90) or more consecutive calendar days within or immediately prior to such eight (8)-year period, and has greater seniority than another employee (not a retainee or steward) in that job title. Reclassifications involving employees and the rights of such employees in connection with surplusing 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 ninety (90) days found by the Company unqualified (for reasons other than not being "physically qualified"), to perform his/her new assignment shall be (1) assigned to other work in the same labor grade or (2) given the opportunity of returning to his/her former job title, providing, as to (2), that he/she worked in the former job title for thirty (30) consecutive days or more within the year preceding the reclassification to the new job and his/her seniority will support his/her return to the former job title. In the event an employee is holding a higher graded job classification but is no longer assigned to work as a lead (as defined by the Rules Governing the Application of Job Descriptions), he/she shall be given the same consideration for lateral transfers accorded to employees in the lower graded job classification of the work being performed.

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

Section 22.11 Promotional Procedures[1] - 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 thirty (30) days need not be considered for promotion during such leave):

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

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 Section 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.

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

The foregoing procedure, Section 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 (2) copies of such memorandum will be sent to the site senior Human Resources representative or designee, for transmittal to the Personnel Section. One copy will be filed in the employee's folder. Where an employee is considered to be unqualified for promotion, he/she 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/her 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 the designated target job title of such program, or in the case of the Machinist Joint Apprenticeship Program or the Cellular Manufacturing Machinist Joint Apprenticeship Program, to 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 Subparagraph 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 Subparagraph 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 Apprentice Program or the Cellular Manufacturing 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 site senior Human Resources representative or designee to one of the Machinist target jobs for the Machinist Graduate or one of the Cellular Manufacturing Machinist target jobs for the Cellular Manufacturing Machinist Graduate and shall be deemed to have met the qualifications of Subparagraph 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 ineligible for any Category A, lateral reclassifications or downgrade rights they may qualify for under the terms of the Collective Bargaining Agreement until graduation or removal from the program.

22.12.(b) Target Job Titles.

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

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

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

Apprentice Job No.	Apprentice Job Title	Target Job No.	Target Job Title
A13XX	Apprentice Machinist	70208	Grinder Operator A
A13XX	Apprentice Machinist	17408	Lathe Operator
A13XX	Apprentice Machinist	70808	Milling Machine Operator A

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

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

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

Section 22.13 Promotional Procedures – Effect of Refusing Promotion.
In the event an employee declines to accept a normal line promotion for a location and shift for which he/she has filed an effective application, there will be no requirement that he/she again be considered for that particular location and shift unless the employee refiles an application at any time ninety (90) or more calendar days after he/she declines the promotion.

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 (7) workdays after the promotion is published in an appropriate posting area.

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

22.14(b)(4) The senior employee must have been on his/her present job for a period of not less than six (6) 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/her return to the active payroll provided he/she meets the other qualifications.

22.14(b)(5) Where more than one (1) request is addressed to or based on the same promotion of a designated candidate, in accordance with Subparagraph 22.14(b)(1), above, only one (1) 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/her 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 (10) 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 thirty (30) days after a request for review is filed.

22.15(f) Each Review Board shall consist of three (3) members: one (1) appointed by the Union, one (1) appointed by the Company, and a chairperson 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/her 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 (5) workdays in advance. At least twenty-four (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/she may attend and testify, or submit additional written information, if he/she 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/she is an employee on the active payroll. However, such Union-appointed member will only receive such wages while serving on his/her 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/she 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 (5) workdays or when he/she 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 Section 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 labor grade to which he/she was assigned at the Primary Location immediately prior to the transfer, may (subject to the Category A rights of others to the extent provided in Section 22.7) elect to return to the Primary Location to the labor grade to which he/she was assigned immediately prior to the transfer.

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 Section 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/she is assigned while on such travel assignment to a labor grade lower than the labor grade to which he/she was most recently assigned prior to the travel assignment: He/she may elect to be returned to the original location, in which case his/her 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/she 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/she 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 or any lower grade.

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.

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

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

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

22.18(c)(4) If he/she 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/her Category A effective application for that job title. His/Her application shall not be effective for the following thirty

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

22.18(d) Where an individual has been selected to fill an opening due to his/her status as a Category A but is surplused 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/she held such job title for the purpose of Section 22.9.

22.18(e) 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/her to perform the required work, shall be (1) returned to his/her former job title provided he/she returns within six (6) years of the date he/she last worked in that job title, or (2) returned to a job title, subject to the employee's medical recommendation, for which he/she has established surplus rights in Article 22. The foregoing will apply provided work is being performed in such job title and provided further that his/her seniority entitles him/her to such placement when compared to the seniority of employees (other than retainees or stewards) in such job title. If his/her seniority is not sufficient to return him/her to his/her job title, he/she will be granted Category A status subject to the provisions of Section 22.1. His/Her Category A status will commence on the date he/she would have been subject to surplus action or the date on which his/her medical condition is sufficiently improved to allow him/her to perform the required work, whichever occurs first.

22.18(f) Whenever practicable, affected employees will be given at least twenty-four (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 4, 2008.

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(a)(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/her 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(a)(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. 34 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. However, if the layoff occurs during or after a leave of absence, the maximum total period of continued coverage is thirty (30) months in the case of medical leave or twenty-four (24) months in the case of non-medical leave, measured from the end of the month in which the leave of absence began, irrespective of the date of termination. Required contributions, if any, must be paid during any period of such continuation of coverage.

ARTICLE 24
DURATION

This Agreement, as modified and extended in January 2014, shall become effective as of the beginning of first shift on November 2, 2008 (which date is the date as of which this Agreement was executed, sometimes referred to as the "effective date of this Agreement") and shall remain in full force and effect until midnight at the close of September 12, 2024, and shall automatically be renewed for consecutive periods of one (1) year thereafter (after September 12, 2024), unless either party shall notify the other in writing, at least sixty (60) days but not more than seventy-five (75) days prior to September 12th of any calendar year, beginning with 2024, of its desire to terminate the Agreement, in which event this Agreement shall terminate at midnight at the close of such September 12th, 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.

The Company and the Union agree and commit that for the term of the Agreement they will, on the day of the third, sixth, and ninth anniversary of the modification of this Agreement, or such other date as either party requests, mutually sign and execute a written amendment to this Agreement, which expressly reaffirms the terms and conditions of this Agreement.

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.

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO	**THE BOEING COMPANY**
By_____	By_____
Overall Boeing Coordinator Aerospace Department	Vice President Human Resources
AEROSPACE INDUSTRIAL DISTRICT LODGE 751 IAM&AW, AFL-CIO	**DISTRICT LODGE W24 IAM&AW, AFL-CIO**
By_____	By_____

RULES GOVERNING THE APPLICATION OF JOB DESCRIPTIONS

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

1. The Determining Duties and Responsibilities are those elements of the job which distinguish it from higher or lower-graded work. Performance of Associated or Incidental Duties and Responsibilities alone is not sufficient to determine a classification. It is intended that such associated or incidental duties shall not be distinguishing elements or determinants of a level of difficulty but are stated either for descriptive purposes or because they are integral and necessary parts of the job.

2. When an employee is temporarily assigned to work falling in a higher labor grade than his/her regular job, he/she shall be paid at the higher rate for each day or major fraction (more than one-half) thereof that he/she remains so assigned. This rule is not intended to permit regular assignment for less than a major fraction of a day to a higher-graded job without payment for that job.

3. When paragraphs under Determining Duties and Responsibilities are numbered 1, 2, 3, etc., each paragraph is considered an alternative requirement.

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/her 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/her 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 13.14 of the Agreement.

6. An employee is required to perform the work operations and duties described in or appraised as being covered by his/her 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 (2) non-coinciding sides of the two (2) 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 (2) 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 (2) 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 (2) 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 (2) 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/her allocated work to employees assigned to work with him/her 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/her 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, collets, 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.)

LETTERS

OF

UNDERSTANDING

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LETTER OF UNDERSTANDING NO. 1

SUBJECT: <u>DATA REPORTS TO BE PROVIDED TO THE UNION</u>

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: November 2, 2008

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.

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

In addition, the Company agrees that employees in Facilities Maintenance and General Construction organization as of January 3, 2014, will not be laid off as a direct result of Facilities Maintenance or General Construction subcontracting. This restriction does not apply in the event of a merger, sale, transfer, or other disposition of a plant or facility or operating unit thereof, or to temporary subcontracting necessary because of required equipment overhaul or repair, labor disruptions, or events beyond the control of the Company (acts of God, natural disasters, equipment failure, major accidents, etc.). In lieu of layoff, employees will be retrained and reassigned for available work outside the Facilities Maintenance and General Construction organization.

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

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

Dated: November 2, 2008 and January 3, 2014

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: November 2, 2008

LETTER OF UNDERSTANDING NO. 4

SUBJECT: <u>EMPLOYEES ON OVERSEAS ASSIGNMENT</u>

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: November 2, 2008

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. The Company agrees to train affected employees to perform any newly defined tasks when it is determined training is needed. Preference will be given to senior employees when possible.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 6

SUBJECT: <u>NEGOTIATED JOB TITLE CHANGES</u>

Following are provisions mutually agreed to by the Company and the Union with respect to employees affected by negotiated job title changes:

A. *An employee's retention and Category A status will be applicable to the new classification if:

1. There is a change in job code number or title change only, or
2. A job title is deleted or depopulated and employees are reclassified to a newly established job title.
3. The job title is upgraded and combined with an existing job title.
4. The job title is deleted or depopulated and employees are reclassified laterally to an existing job title for the purpose of combination of said job titles.

B. An employee's retention status will be applicable to the new classification if a job title is retained and some employees are reclassified to a newly established job title.

Reclassifications made in accordance with the foregoing will not be subject to other Bargaining Agreement provisions relating to reclassifications.

*If a job title is deleted or depopulated and employees are reclassified to more than one (1) new classification in different labor grades, Category A rights will apply to the job title in the lower labor grade.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 7

SUBJECT: JOINT COMPANY-UNION ALCOHOL AND DRUG DEPENDENCY PROGRAM

The Company and the Union establish the following Joint Company-Union Alcohol and Drug Dependency Program, relating to an employee's voluntary entry into treatment in lieu of termination for attendance or performance, when deemed appropriate by the Company:

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

1. Participation in the Program by an individual employee must be voluntary and will be kept confidential to preserve the employee's privacy.
2. Effectiveness of the Program is directly dependent upon the degree to which the employee affirmatively seeks such voluntary participation.
3. The Program is by its nature a progressive undertaking, and failure of an employee to participate in an earlier stage may eliminate the employee from subsequent stages.
4. The Company's right to discipline an employee for unsatisfactory performance or attendance is not diminished or modified in any way by the fact that the employee may have an alcohol or drug problem. However, while discipline for other Company Rule violations shall not be affected by this Program, disciplinary action for unsatisfactory performance or attendance may be held in abeyance during the employee's cooperative participation in the Program, provided no further performance or attendance problems occur.

B. The Program is divided into the following stages:

1. Identification.
2. Evaluation.
3. Treatment.
4. Return to work.

C. Identification.

1. Identification of an employee as having an alcohol or drug problem which interferes with job performance or attendance can occur in several ways:
   a. The individual employee acknowledges the problem and so advises a Company or Union representative.
   b. Company management or Union representatives become aware of the employee's performance or attendance problems

and have some reason to believe the problems are alcohol or drug related.

2. 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.)

   a. The Program shall be clearly explained to the employee.

   b. The facts that participation is purely voluntary and will be kept confidential should be emphasized.

   c. It should be stressed that the extent of the employee's alcohol or drug problem, if any, has not yet been determined.

   d. 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.

   e. The session will conclude by advising the employee that, if agreeable, an appointment will be arranged with the Company Employee Assistance Program for a professional evaluation of the problem.

D. Evaluation.

1. 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.

2. At the appointment with the Company Employee Assistance Program, the employee will be advised that:

   a. The results of the evaluation will be retained by the Employee Assistance Program and by any outside medical evaluator, and will be provided to the employee and, if agreeable to him/her, to the Union.

   b. 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.

   c. 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 Employee Assistance Program.

d. 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.

E. Treatment.

1. When the Evaluation Report indicates that treatment is necessary and the employee agrees in writing to participate, the Company's Employee Assistance Program will arrange with the employee and the selected treatment agency a schedule for treatment.
2. If necessary for treatment, the employee will arrange for a medical leave of absence via Total Access for the period of the treatment.
3. If the employee continues to work during treatment, he/she will be subject to normal rules of conduct and performance.

F. Return to Work.

1. 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 Employee Assistance Program.
2. 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.
3. 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 Employee Assistance Program, the employee is able to return to work.

G. 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.

H. 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 8

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 work week 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 (8) hours pay at Labor Grade 9 for each regular workday, to include weekends, 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 premium rate of $2.00 per hour.

(3) For the first eight (8) 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 (8) 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 (2) 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 (8) 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 (8) 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 or her 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 (1) 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 (12) 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 (12)-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 (12)-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 travel assignments for which time enroute exceeds eight (8) continuous hours will not be required to work their regular shift on the date of departure and will receive a minimum of eight (8) hours pay for that day. When travel time enroute to a customer work location exceeds twelve (12) continuous hours, a minimum of twelve (12) hours rest will be provided prior to beginning work whenever possible within customer required schedules.

Employees returning from travel assignment on other than the assigned return date, as requested by the employee, will be compensated at the assigned return date rate.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 9

SUBJECT: <u>CORPORATE JOBS</u>

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 Puget Sound, Wichita and Portland Units represented by the IAM. A Job List - Existing Jobs will be prepared, effective September 4, 2008 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 10

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 (6) representatives appointed in writing by the Union's Corporate Coordinator and not more than six (6) 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.

2. 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 11

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 hereinafter be limited as follows. No employee shall be required, and need not be permitted, to work overtime in excess of the following limits:

Quarterly Limit

- The limit shall be one hundred twenty-eight (128) overtime hours in any budget quarter;

Weekend Limit

- The limit shall be two (2) consecutive weekends;
- Employees who have worked two (2) 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 eight (8) hours.

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/her 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 12

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: November 2, 2008

LETTER OF UNDERSTANDING NO. 13

SUBJECT: <u>TIME LIMITS IN SECTION 19.3</u>

The parties agree that the seven (7)-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 (7) 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 (7) workdays after he reviews the folder in which to file a written grievance.

2. If no written grievance is filed during the additional seven (7)-workday period specified in paragraph 1, the matter is closed, provided, however, that if the Business Representative, within the additional seven (7)-workday period, informs Union Relations that he/she has decided not to file a grievance, the matter will remain open for fourteen (14) 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 (14)-workday period, the matter is closed.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 14

SUBJECT: <u>DUES DEDUCTION AUTHORIZATION FOR WICHITA UNIT</u>

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 _____, 20___, 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 _____, 20___. 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 (1) 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 15

SUBJECT: <u>JOINT COMMITTEE ON HEALTH CARE COSTS AND QUALITY</u>

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 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 nationally recognized groups 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 and efficiency. Among these initiatives will be:

- Provider performance reporting on quality and efficiency to encourage use of the highest quality providers, including those who meet the highest patient safety standards.
- Joint Company and Union meetings with health care plan administrators to understand their criteria for identifying high performance providers and to strongly recommend and offer advisory information in support of the development of high performance provider networks.
- 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).
- ICU physician staffing. Where available, physicians who are critical care specialists will provide ICU 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.

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: November 2, 2008

LETTER OF UNDERSTANDING NO. 16

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 Subparagraph 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 ensure that the employee regularly assigned to either the job, crew or position is designated to work the overtime pursuant to Subparagraph 6.10(b)(1)(a) only when he/she is the appropriate individual, such designation may be made only if it is approved by the Director or his/her delegate, the delegate being at least one (1) level above the employee's immediate supervisor.

2. With respect to Subparagraph 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 Subparagraph 6.10(b)(2)(f), a Corrective Action Memo must state the period, not to exceed ninety (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: November 2, 2008

LETTER OF UNDERSTANDING 17

SUBJECT: MODIFIED IN-LINE PROMOTION FOR CERTAIN JOB TITLES

The parties agree that career growth and promotional opportunities for qualified employees will benefit both the Company and employees. The parties acknowledge that in some job titles, the Category B process set forth in Section 22.1(b) of this Agreement does not consistently result in the promotion of employees who possess the technical skills and expertise to be successful in the open job in the normal line of promotion.

Accordingly, the parties agree that with respect to the job titles listed below, the parties will jointly develop minimum qualifications/requirements that employees in the job family must meet prior to filing an effective application to the personnel section for the open job title and designated shift, pursuant to Section 22.1(b)(2). The provisions of Sections 22.1(b)(1), 22.1(b)(3), and 22.1(b)(4) will continue to apply. The minimum qualifications/requirements for each job title will be jointly established within one year of contract ratification.

Once a candidate in the job family meets the minimum qualifications/requirements, the candidate may submit his or her request for an upgrade. When the next job opening occurs, the senior candidate who has met the minimum qualifications/requirement will be selected. In some cases, upon meeting the minimum qualifications/requirements, the promotion may be immediate.

Job Titles Subject to this Letter of Understanding

Facilities Crafts:
811XX Plumber Maintenance,
895XX Machine Repair Mechanic,
C20/861 Electrician Maintenance

The parties will meet on a quarterly basis to discuss whether additional job titles should be added to, or removed from, this Letter of Understanding during the term of this Agreement. Additional job titles shall only be added to this Letter of Understanding by mutual agreement of both parties.

For all job titles subject to this Letter of Understanding, the Company will not select normal line of promotion designated candidates under Section 22.1(k).

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 18

SUBJECT: <u>EXPENDITURE OF FUNDS UNDER ARTICLE 16 AND ARTICLE 20</u>

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 provide 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 other funds, as approved by the Governing Board, to support the Joint Programs' statement of work.

3. All labor and non-labor will be treated according to current Boeing accounting practices.

4. 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.

5. 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 Joint Programs.

6. The Union will be reimbursed in accordance with paragraph 5 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.

7. The Company will give consideration to the IAM Corporation for Re-Employment and Safety Training, Inc. (CREST) as a service provider in support of vocational rehabilitation counseling services. Any such service may be contracted for pursuant to paragraph 4 above. The Company shall provide funding for vocational rehabilitation counseling services in support of disability management through Vocational Solutions. The funding shall not 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.

8. The Company agrees to continue funding through December 31, 2008 at the levels previously approved by the National Governing Board for the 2008 Joint Programs budget.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 19

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 ensure 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 20

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: November 2, 2008

LETTER OF UNDERSTANDING NO. 21

SUBJECT: <u>NON-TRADITIONAL WORK SCHEDULES</u>

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 (8)-hours-a-day five (5)-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 (8) 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 22

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 forty (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 (90) 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 twenty (20) or more hours in a seven (7)-day cycle or forty (40) or more hours in a fourteen (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 ten (10) hours worked in excess of forty (40) hours in a workweek, the employee will receive one and one-half times the base rate; for hours worked in excess of fifty (50) hours in a workweek, the employee will receive double the base rate. No overtime will be paid when less than forty (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 twenty (20) or more hours in a seven (7)-day cycle or forty (40) or more hours in a fourteen (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 (6)-month anniversary of its execution.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 23

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 $11.00 per hour with a maximum rate of $18.04 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 Subparagraph 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. Bargaining unit gross earnings are defined as that portion of an 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, and non-regular workweek premium rate, as applicable, on regular and overtime hours worked, overtime bonus hours, third shift bonus hours, team leader premium, 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, are excluded from the definition of bargaining unit gross earnings. The rate range maximums will be adjusted in accordance with Section 6.4 of this Agreement, if applicable.

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: November 2, 2008

LETTER OF UNDERSTANDING NO. 24

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 (2) 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 25

SUBJECT: IAM/BOEING JOINT PROGRAMS 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, Joint Programs 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 Joint Programs.
- Joint Programs 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 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 26

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 four (4) Senior Executives and the Company's Joint Programs Executive Director. The Joint Programs Executive Directors will be non-voting members of the Board.

The Chair of the Governing Board shall serve a one (1)-year term and rotate between the Directing Business Representative of District Lodge 751 and a Boeing Senior Executive.

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. 18, 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. IAM/Boeing Joint Programs Executive Directors. 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 Union and the Company 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. 26.

C. IAM/Boeing Joint Programs Administrative Staff – Co-Directors. The Union and the Company acknowledge the need for enhanced support of Joint Programs services. Therefore, the parties agree to maintain IAM/Boeing Joint Programs Co-Director positions. The Union and the Company shall appoint their respective parties' Co-Directors. The Co-Directors, as coordinated by the Executive Directors, will provide leadership for the IAM/Boeing Health & Safety Institute, the IAM/Boeing Quality Through Training Program and any other programs as approved by the National Governing Board.

D. IAM/Boeing Joint Programs Administrative Staff – HSI/QTTP. The combined HSI/QTTP Administrative Staff will be comprised of a minimum of nine (9) individuals named by each party. At least one (1) individual of each party shall be from the Wichita and Portland primary locations and will provide support for both the IAM/Boeing HSI and the IAM/Boeing QTTP programs. The Directing Business Representatives from Districts 24 and 70 will be responsible for selecting their respective Union Representatives.

The combined Administrative staff, as coordinated by the Executive Directors, will provide support for the IAM/Boeing Health & Safety Institute, the IAM/Boeing Quality Through Training Program and any other programs as approved by the National Governing Board.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 27

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 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 sixty (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: November 2, 2008

LETTER OF UNDERSTANDING NO. 28

SUBJECT: CONTINUOUS PRODUCTIVITY IMPROVEMENT

The Union and the Company agree that it is to their mutual benefit in a competitive global environment, to work together to continuously improve the production system through productivity improvement activity. The parties agree that to increase employee understanding, acceptance and support in the area of productivity improvement, it is in their best interest to engage IAM/Boeing Joint Programs.

IAM/Boeing Joint Programs, in support of other Boeing productivity improvement initiatives and organizations, will develop and initiate programs and activities in the areas of training, education, and implementation. This effort will be aimed at improving safety, quality of work life and overall productivity of the Boeing Production System.

The parties agree that the Company will provide the necessary funding in support of the activity stated above. The Company will provide one (1) million dollars to IAM/Boeing Joint Programs per year. Amounts not spent in one annual period shall carry over to the next year, but not beyond the expiration of this Agreement.

The Company agrees to continue funding through September 8, 2016 at the levels previously approved by the 2016 IAM/Boeing Joint Programs budget.

Dated: November 2, 2008 and December 7, 2011

LETTER OF UNDERSTANDING NO. 29

SUBJECT: USE OF CAREER GUIDES

The purpose of this Letter of Understanding is to define the scope and usage of Career Guides as developed by Joint Programs.

Joint Programs is responsible for creating and maintaining Career Guides. Career Guides are based on a review of the work requirements for each job covered by the parties' Collective Bargaining Agreement in the Puget Sound, 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 Joint Programs career development programs 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: November 2, 2008

LETTER OF UNDERSTANDING NO. 30

SUBJECT: SHAREVALUE PROGRAM

The Boeing Company and the Union 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 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. If the ShareValue Program is continued beyond its current termination date, all eligible bargaining unit employees may continue to participate.

Employees will be eligible to participate in accordance with the governing provisions 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.

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: November 2, 2008

LETTER OF UNDERSTANDING NO. 31

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 (10) Puget Sound, Portland area, and Wichita community or technical colleges. This degree program encompasses ten (10) 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.

1. The students' status will be as follows:
   - (a) Students will be placed in the internship through an outside agency, which will be their employer. The internship will last a maximum of eight (8) weeks.
   - (b) During their assignment, students will perform production work and maintenance under the guidance of one (1) or more IAM-represented employees.
   - (c) The cognizant IAM-represented employees and their supervisors will make recommendations regarding Boeing's hiring of students after the internship concludes.
   - (d) 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.
   - (e) The number of students participating in the "job shadowing" portion of the Program will not exceed ninety (90) students each year. These students will not replace IAM-represented employees or prevent IAM-represented employees from being recalled from layoff.
2. The student's work schedule will be Monday through Friday on either first or second shift, not to exceed forty (40) hours per week.
3. The students will be paid at the rate of $9.50 per hour during their first summer and $10.50 per hour during their second summer.
4. 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.
5. The parties agree to meet and discuss any concerns that may arise during the course of this Program with the local Directing Business Representative.

6. Two hours of a new student's internship shall be devoted to safety education and orientation provided by the local Health and Safety Institute Site Committee. This education and orientation shall include but not be limited to personal protective equipment use, emergency evacuation, shelter-in-place procedures and machine guarding.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 32

SUBJECT: IAM SHARES PAYROLL DEDUCTION

The Company agrees to provide a payroll deduction service to IAM-represented employees who choose to invest in the IAM Shares Mutual Fund managed by CitiStreet. This service will begin as soon as practicable. The Company will play no role in promoting or otherwise communicating the availability of this service, other than to ensure there is a clear distinction between the service and the Company's Voluntary Investment Plan.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 33

SUBJECT: LIFE INSURANCE AND AD & D PAYROLL DEDUCTION

The Company agrees to provide a payroll deduction service to IAM-represented employees who choose to purchase life insurance or accidental death and dismemberment coverage through payroll deduction. Such coverage will be provided through Union Labor Life Insurance Company. This service will begin as soon as practicable. It is understood that the Company is not the plan sponsor and is not responsible for plan administration, enrollment, or communication.

Dated: November 2, 2008

LETTER OF UNDERSTANDING 34

SUBJECT: <u>LUMP SUM PAYMENTS AND RATIFICATION BONUS</u>

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

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

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

The 2009 Lump Sum Payment and the 2010 Lump Sum Payment may be diverted into the Voluntary Investment Plan without any employer matching contribution, at the employee's election and pursuant to procedures

established by the Plan Administrator or it's Delegate or Agent established for making such election. Any diversion of these lump sum payments shall be subject to all limitations on employee contributions set forth in the Voluntary Investment Plan, the Code and applicable Regulations.

The Company agrees to pay a lump sum payment of $5,000, less applicable withholding, to employees who are covered by the Collective Bargaining Agreement and on (a) the active payroll on December 7, 2011, (including a leave of absence of ninety (90) days or less); or (b) approved military leave of absence pursuant to Section 6.6(b) of the Collective Bargaining Agreement on December 7, 2011, even if such military leave of absence is longer than ninety (90) days. The lump sum payment will be paid within thirty (30) days of December 7, 2011.

The Company agrees to pay a lump sum payment of $10,000, less applicable withholding, to employees who are covered by the Collective Bargaining Agreement and on (a) the active payroll on January 3, 2014, (including a leave of absence of ninety (90) days or less); or (b) approved military leave of absence pursuant to Section 6.6(b) of the Collective Bargaining Agreement on January 3, 2014, even if such military leave of absence is longer than ninety (90) days, however, employees in the Wichita Unit as described in Section 1.1(b) are not eligible for this lump sum payment. The lump sum payment will be paid within thirty (30) days of January 3, 2014.

The Company agrees to pay a lump sum payment of $5,000, less applicable withholding, to employees who are covered by the Collective Bargaining Agreement and on (a) the active payroll on January 3, 2020, (including a leave of absence of ninety (90) days or less); or (b) approved military leave of absence pursuant to Section 6.6(b) of the Collective Bargaining Agreement on January 3, 2020, even if such military leave of absence is longer than ninety (90) days, however, employees in the Wichita Unit as described in Section 1.1(b) are not eligible for this lump sum payment. The lump sum payment will be paid within thirty (30) days of January 3, 2020.

Dated: November 2, 2008, December 7, 2011 and January 3, 2014

LETTER OF UNDERSTANDING NO. 35

SUBJECT: PATIENT SAFETY STANDARDS

Consistent with the Parties' commitment to ensuring that employees have access to cost effective, quality health care coverage as detailed in Letter of Understanding No. 15, the parties agree that the term "patient safety standards", as set forth in Attachment A and Attachment B of the parties' Collective Bargaining Agreement, shall be modified to be defined in its entirety as follows, effective immediately and continuing until the expiration of the Collective Bargaining Agreement.

Patient safety standards refer to nationally recognized criteria for making hospital services safer. A hospital meets patient safety standards if it meets established criteria such as those listed below. The hospital must publicly certify upon request that it meets all criteria and the statements pertaining to standards are accurate and reflect normal operating procedures at the hospital. The criteria include:

a. Criteria for Network Hospital Admissions for Complex Procedures

Evidence-based Hospital Referrals: for patients admitted for one of several complex procedures (coronary artery bypass grafts, percutaneous coronary intervention, abdominal aortic aneurysm repair, pancreatic resection, esophagectomy and high risk deliveries), network hospitals must meet experience criteria, consisting of process, volume, and/or outcome measures, for the performance of the specific procedure. If complex procedures as identified by national standards change in the future, the parties agree that they will meet and discuss the changes.

b. Criteria for Other Network Hospital Admissions

For patients admitted for all other procedures or conditions, network hospitals must meet the following standards:

Computerized Physician Order Entry: Prior to January 1, 2005, the hospital must publicly assure that by January 1, 2005, physicians will enter at least 75 percent of inpatient medication orders via a computer linked to error-prevention software. The software must be capable of alerting physicians to at least 50 percent of common, serious prescribing errors. On and after January 1, 2005, the hospital must publicly assure that it actually fulfills these capabilities.

Intensive Care Unit Staffing: On and after July 1, 2004, the hospital publicly assures that its adult and/or pediatric intensive care unit is managed or co-managed by critical care specialists who:

1. Are present during daytime hours and exclusively provide clinical care in the ICU, and

2. At all other times, can return urgent ICU paging calls within five (5) minutes and arrange for a physician or FCCS-certified non-physician specialist to reach ICU patients within five minutes at least 95 percent of the time.

In geographical areas where scientifically rigorous, risk-adjusted outcome comparisons are publicly reported for intensive care unit performance, favorable risk-adjusted outcomes may replace the above criteria for intensive care unit staffing.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 36

SUBJECT: TEAM LEADER

The parties recognize 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 Company will determine the necessity for, and number of, team leader assignments. 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 selection of an employee for a team leader assignment shall be made in the following manner: Employees who meet the minimum criteria for a team leader assignment will self-nominate for a posted open team leader assignment. Open team leader assignments will be posted for a minimum of five (5) work days. A structured interview will be utilized to select recommended candidate(s). If the posted team leader assignment is filled by the Company, and there are two or more recommended candidates for the assignment, the recommended candidate with the greatest bargaining unit seniority will be selected. The provisions of Article 13 and 22 shall not apply to such selection.

Effective September 5, 2008, an employee selected for a team leader assignment shall be paid a premium of $2.00 per hour above his/her current base rate.

Employees assigned as team leaders shall not formally appraise the work of other employees or make, as a result of solicitation by their supervisor, recommendations concerning employment, release, transfer, upgrade, 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 purposes of making detailed work allocations, or be responsible for handing out paychecks. When authorized by the Company, a team leader may delegate a portion of his/her allocated work to employees in the team leader's group.

Current leads will not lose grade or pay as a direct result of team leader assignments.

The parties agree to form a committee, consisting of an equal number of Company and Union Representatives. The committee will review the existing team leader selection process and discuss whether additional training should be provided to bargaining unit employees who seek Team

Leader assignments and/or to existing Team Leaders for skill enhancement. The committee will meet for the duration of this Agreement.

Nothing in this Letter of Understanding will be subject to the grievance and arbitration procedure in Article 19, with the exception of the seniority-based selection of recommended candidates. Additionally, nothing in this Letter of Understanding will alter or impact the Company's right to select any bargaining unit employee for a temporary team leader assignment for a period of time not to exceed ninety (90) days. The following issues may be appealed by the Union through Step 3 of the grievance procedure set forth in Section 19.2 of the Agreement, but will not be subject to arbitration: (1) the Company's decision to discontinue the assignment of any bargaining unit employee selected for a team leader position; (2) a team leader progress review; and (3) the duration of a temporary team leader assignment.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 37

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 local receiving areas, staging areas, parts control areas, materials and tool storage areas, and/or factory locations where parts or assemblies are installed. Such locations will be staffed, as necessary, with Company employees, including bargaining unit employees in classifications responsible for receiving and distribution, and job functions performed by employees that fall within bargaining unit job description(s) will continue to be performed by such bargaining unit employees.

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

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

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

Nothing in this Letter of Understanding will be construed to permit suppliers or vendors to install parts or components on the airplane, unless the vendors or suppliers are correcting errors or performing warranty work.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 38

SUBJECT: SI&A / MSE INFRASTRUCTURE, ROLES AND RESPONSIBILITIES

Self-Inspection and Acceptance (SI&A) / Manufacturing Self Examination (MSE) 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 and is 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 for the Site Representatives as necessary. This committee shall be referred to as the SI&A Leadership Committee.

The committee recommended changes to improve SI&A / MSE 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 / MSE, 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 / MSE programs.

The primary purpose of this Letter is to define the roles, responsibilities and interaction within the SI&A / MSE infrastructure.

Site Representatives

Each site having implemented or that is in the process of implementing SI&A / MSE will have two (2) Site Representatives, one (1) from the Company and one (1) from the Union, to be appointed by their respective leadership. Additional Site Representatives may be added upon mutual agreement between the Company and the Union. These individuals should be (or be interested in becoming) an SI&A / MSE subject matter expert. It is expected that they will have completed all SI&A / MSE prerequisite courses and have had exposure to SI&A / MSE. 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**;** to attend meetings and participate as required; and to resolve issues and concerns elevated to them by area committees. They will also help coordinate and participate in area SI&A / MSE overview presentations. They will need to stay informed of SI&A / MSE implementation progress and issues across BCAG & IDS as a network, to identify and spread "best practices" tools, and to encourage communication.

The Company will provide a reasonable amount of time for the Site Representatives to perform their required duties. As determined by the SI&A Leadership Committee, training and education requirements will be provided to the Site Representatives.

Area Management

Area management will provide active support for the implementation and maintenance of SI&A / MSE 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 / MSE in a specific shop or work area. The area committees should decide the meeting frequency and include at least the following functional representation: Quality & Manufacturing IAM members and management. Additional participants, such as Quality Engineering and Manufacturing Engineering, will be asked to participate as needed and determined by the Area Committee. 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 / MSE for the work area 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 / MSE process. This includes addressing any concerns or issues and elevation of unresolved issues to the Site Representatives for assistance. The area committee will provide input and oversee the initial and ongoing employee training and assessment processes to ensure each individual's skill and knowledge is adequate to perform the SI&A / MSE function and that any knowledge gaps are constructively addressed through additional training. Additionally, they may be involved in the development of training as

required. After implementation of SI&A / MSE, 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.

Training Programs

IAM/Boeing Joint Programs, may assist in the development of and implementation of education, training and retraining needs to support those organizations implementing SI&A / MSE.

This Letter, together with PRO-1125, Self-Inspection and Acceptance Requirements and BPI-298 Self Inspection and Acceptance, and/or the D950-10306-1 IDS site specific MSE command media, 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 / MSE will adhere to the guidelines and principles described in PRO-1125 and BPI-298, and/or the D950-10306-1 IDS site specific MSE command media.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 39

SUBJECT: JOINT COMMITTEE TO STUDY EMPLOYMENT STABILIZATION

The Company and the Union are committed to studying the feasibility of mitigating the disruption that results from large hiring and layoff cycles. The parties agree to form a Joint Committee to study employment stabilization. The Committee will have an equal number of representatives, including a co-chair, from each party. The Committee will study approaches that will keep employment levels stable and cost effective during layoff and hiring cycles. The Committee will complete its study within twelve (12) months of the ratification of this Agreement.

Any recommendations reached by the Committee will be implemented only upon the mutual agreement of the parties.

Nothing in this Letter of Understanding will impact, limit or impair either party's rights under this Agreement.

Dated: November 2, 2008

LETTER OF UNDERSTANDING NO. 40

SUBJECT: <u>JOINT UNION/BOEING COUNCIL</u>

The Company and the Union will meet, on a monthly basis, to review and discuss key elements of the business and workforce including market and competition; performance including quality, safety, productivity, schedule and cost; product development and implications to the workforce; work transfer; overtime; and changes in the external environment impacting the Company. In reviewing productivity, the parties will also assess areas such as employee engagement/involvement, the job classification system, multiple machine operation, and the ability to utilize non-Boeing labor for certain types of work.

Dated: December 7, 2011

LETTER OF UNDERSTANDING NO. 41

SUBJECT: INCENTIVE PLAN

The parties agree that committing to employee engagement is an element of improving the Company's competitiveness and essential to meeting the objectives and ensuring mutual success. They have agreed to implement an Incentive Plan effective July 1, 2012, that focuses on improvements in productivity, quality and safety. As a foundation to ensuring the needed improvements are made, the Company is committed to creating an environment of high employee engagement and involvement. The Incentive Plan will provide a means by which bargaining unit employees will be financially rewarded if improvement thresholds are met. The Plan will be subject to all necessary approvals and will be administered in accordance with a separate Plan document. If the Incentive Plan is not implemented by July 1, 2012, Eligible Employees will receive a lump sum payment of two (2) percent of Eligible Earnings for the period between July 1, 2012, and the date of implementation. If, after implementation, the Incentive Plan is terminated prior to September 8, 2016, Eligible Employees will receive a lump sum payment of two (2) percent of Eligible Earnings during any Performance Period that includes or is after the termination date of the Incentive Plan and precedes the termination of this Agreement. The provisions of Article 19 of the Collective Bargaining Agreement will not apply to any issue or dispute related to the Plan.

Dated: December 7, 2011

LETTER OF UNDERSTANDING NO. 42

SUBJECT: WORK PLACEMENT

737 Work Placement.
The Union has inquired about the Company's intentions to place production work on the 737MAX program in Puget Sound. Independently, the Company has been undertaking a thorough review of the 737MAX program, including options for locating such work. The Company has assessed those options in light of the economics set forth in its proposal to extend the current Collective Bargaining Agreement for four (4) years, and should those economics be achieved through a contract extension, the Company will locate the 737MAX production work in Puget Sound. With approval of the contract extension, the Company will produce the 737NG models and 737MAX models in Renton, to the extent such production can be feasibly completed in the current and existing 737 Renton production facilities. The fabrication work currently being performed by bargaining unit employees in support of the 737 production will be continued in their current and existing facilities in Puget Sound and Portland – again, to the extent such production can be feasibly completed in those current and existing facilities.

Wichita Tanker Work Placement.
In the event the Company decides to place Tanker production work currently performed in its Wichita facilities (or work of a similar type) in a location other than Wichita, the Company agrees that such Wichita Tanker production work will be performed in the Company's current and existing facilities in Puget Sound.

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

Everett Wide-Body Airplanes.
The Company intends to continue production of wide-body airplanes in its Everett facilities.

Supplier Warranty Work.
The amount of supplier warranty work required to be performed on 787 aircraft in inventory at Everett (e.g., PlaneTech employees performing supplier warranty work), is higher than anticipated due to incomplete

deliveries and engineering changes. It is the Company's intent to expeditiously reduce the amount of supplier warranty work at the Company's Everett facilities, with a target of having minimal on-site work not later than June, 2013. The Company will inform the Union in the Joint Union/Boeing Council monthly meetings of plans and actions regarding supplier warranty work.

No Impact to Collective Bargaining Agreement.

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

Duration.

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

Dated: December 7, 2011 and January 3, 2014

LETTER OF UNDERSTANDING NO. 43

SUBJECT: 777X WORK PLACEMENT

If a second contract extension is approved by the bargaining unit on or before January 3, 2014, the Company agrees to locate the 777X wing fabrication and assembly, final assembly, and major components (fabrication, interiors, and wires) of the 777X in Puget Sound.

The Company will perform the final assembly of the 777X including 777X-8, 777X-9, and 777X-Freighter in Everett. The 777X wing fabrication and assembly work will be performed in Puget Sound. The parties agree that the Company may subcontract or outsource certain 777X wing fabrication and assembly work packages, in whole or part, in order to create capacity for other 777X work packages in the Puget Sound facilities, and/or to efficiently utilize those facilities to accomplish the production and assembly of the 777X.

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

This Letter of Understanding will become effective on the date that the second contract extension has been ratified by the bargaining unit.

Dated: January 3, 2014

LETTER OF UNDERSTANDING NO. 44

SUBJECT: DENTAL IMPLANTS

There is a surgical procedure and dental procedure when receiving a dental implant.

Surgical Procedure: Procedure for the placement of the ***implant post***. The Traditional Medical Plan is the only plan that covers this procedure. Provide your dentist or oral surgeon with your medical ID card and have the claim for this procedure submitted directly to Blue Cross and Blue Shield of Illinois.

Dental Procedure: Procedure for placement of ***implant crown or denture***. The Network Dental PPO is the only plan that covers the Implant Crown or Denture. Claims for this procedure should be submitted directly to Delta Dental.

Dated: January 3, 2014

LETTER OF UNDERSTANDING NO. 45

SUBJECT: <u>JOINT COMPANY/UNION WAGES COMMITTEE</u>

The parties are committed to ensuring that the wages set forth in Article 6 of the Collective Bargaining Agreement enhance the Company's ability to attract employees. To support this goal, the parties agree to establish a Joint Company/Union Wage Committee (Committee). The Committee will have an equal number of representatives, including a co-chair, from each party.

The Committee will address areas of concern regarding wages outlined in section 6.2(a) Base Rate Ranges and Section 6.3(a) Seniority Progression Increases.

The Committee will update the Joint Council on the Committee's activities and recommendations. If the Committee is unable to come to agreement regarding Committee activities or recommendations, the issue will be presented to the Joint Council. No changes to the provisions of Article 6 (Sections 6.2(a) and Section 6.3(a)) will be implemented except upon mutual agreement by the parties.

Nothing in this Letter of Understanding is subject to the grievance and arbitration procedure of Article 19.

Dated: January 3, 2014

Group Benefits Package for Employees Represented by IAM 751, 70, and W24

Health and Insurance Plans Attachment A

Effective January 1, 2013 (Unless Otherwise Noted)

Where to Get More Information

The plans described in this document are intended to reflect current provisions of your summary plan descriptions (SPDs)—including the most recent collective bargaining changes. Your SPDs provide more comprehensive information than is contained in this document.

For active employee benefit plans, you can access the SPDs online.

- Go to *www.boeing.com/benefits*.
- From the left side of the screen, click Union-Represented Employees.
- From the drop-down menu that appears, click Health and Insurance Plans.
- From the next drop-down menu, click Summary Plan Descriptions.
- From the middle of the screen, select
  - Health Care Plans, or
  - Disability, Life, and Accident Plans.
- To view your chosen document, select your bargaining unit from the middle of the screen.

ATTACHMENT A
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Eligibility

Eligible Employees

You are eligible for the Package if you are an active Boeing employee represented by one of the following International Association of Machinists and Aerospace Workers, AFL-CIO, Collective Bargaining Agreements: Aerospace Industrial District Lodge No. 751, District Lodge No. 70, and District Lodge No. W24. You are not eligible to enroll if you are working in a capacity that, at the sole discretion of the plan administrator, is considered contract labor or independent contracting.

Eligible Dependents

Dependents eligible for the medical and dental plans are your legal spouse (as recognized under both applicable state law and the Internal Revenue Code) and children (natural children, adopted children, children legally placed with you for adoption, and stepchildren) who are under age 26, unmarried, and dependent on you for principal support.

You may request coverage for the following dependents:

- An opposite-gender common-law spouse if the relationship meets the common-law requirements for the state where you entered into the common-law relationship.
- A same-gender domestic partner if
  - You and your partner live in the same permanent residence in a permanent, exclusive, emotionally committed, and financially responsible relationship similar to a marriage.
  - Your partner is at least 18 years old, is not related to you by blood, is not married to or separated from another person or involved in another domestic partner relationship.
  - Your domestic partner relationship is not solely to obtain coverage under the Plan.

  A same-gender domestic partner is considered a spouse for the purpose of the medical and dental plans.

  Some states have laws that require insured health plans to offer coverage for certain registered domestic partners.
- Unmarried children of your same-gender domestic partner who are under age 26 and dependent on you for principal support. These children are considered stepchildren for the purpose of the medical and dental plans.

- Other children, as follows, who are under age 26, unmarried, and dependent on you for principal support:
  - Children who are related to you either directly or through marriage (e.g., grandchildren, nieces, nephews).
  - Children for whom you have legal custody or guardianship (or for whom you have a pending application for legal custody or guardianship) and are living with you.

Proof of dependent eligibility will be required.

In accordance with Federal law, the Company also provides medical and dental coverage to certain dependent children (called alternate recipients) if the Company is directed to do so by a qualified medical child support order (QMCSO) issued by a court or state agency of competent jurisdiction.

Documentation is required to request coverage for dependents, including a child named in a QMCSO, a child for whom you have been given legal custody or guardianship, a spouse, or a same-gender domestic partner or his or her children. You must provide the Boeing Service Center with any required supporting documentation by the date specified by the Boeing Service Center or your request will be denied.

Special Provisions When Family Members Are Boeing Employees

If your spouse, same-gender domestic partner, or dependent child is employed by Boeing and eligible for any type of benefit plan offered by Boeing, your dependent must be covered separately under the plan or plans available to that dependent.

No person may be covered both as an employee (active or retired) and as a dependent under any type of plan offered by Boeing, and no person will be considered a dependent of more than 1 employee. Eligible dependents do not include other Boeing employees covered under any Company-sponsored plan providing medical, vision care, prescription drug, dental, or similar services. However, if your spouse is a part-time Boeing employee, retired, on approved leave of absence or layoff, or an employee of a subsidiary company, your spouse and eligible dependent children are considered eligible dependents if other Boeing coverage is waived. If you and your spouse both are Boeing employees and have dependent children, you both may elect medical and dental coverage for eligible children under 1 parent's plans. As an alternative, parents may elect medical coverage for eligible children under 1 parent's plan and dental coverage under the other parent's plan. In either case, all eligible children must be enrolled in the same medical plan and the same dental plan (except as required by a QMCSO). The same provisions apply to a same-gender domestic partner and his or her children.

Disabled Children
A disabled child age 26 or older continues to be eligible (or enrolled if you are a newly eligible employee) if a physician provides proof that he or she is incapable of self-support due to any mental or physical condition that began before age 26. You may be required to confirm the disability from time to time. The child must be unmarried and dependent on you for principal support. Coverage continues under the medical and dental plans for the duration of the incapacity as long as you continue to be enrolled in the plans and the child continues to meet these eligibility requirements.

Special applications for coverage are required for disabled dependent children age 26 or older.

Enrollment

Life and Disability Plans
You automatically are enrolled in the Life Insurance Plan, Accidental Death and Dismemberment Plan, Short-Term Disability Plan, and Survivor Income Plan when eligible. You may designate a beneficiary for life and accident benefits through the Boeing Service Center.

Medical Plans
In designated locations, the Company provides you with a choice of medical plans.

You receive enrollment instructions at the time of employment and may elect medical coverage under 1 medical plan available in your location by the date indicated on the enrollment worksheet. You and all your eligible dependents must be enrolled in the same medical plan, except as specified in the Eligibility section.

- If you do not enroll in a medical plan by the date indicated on the enrollment worksheet, you will be enrolled automatically in the Traditional Medical Plan for employee-only coverage.
- For your spouse or same-gender domestic partner, you must provide information regarding coverage available through another employer to determine whether or not special contributions are required to enroll him or her. If you do not authorize a required contribution, he or she will not be enrolled for medical coverage. You will not be able to enroll your spouse or same-gender domestic partner until the earlier of:
  - The next annual enrollment period.
  - The date your spouse or same-gender domestic partner loses the option to be covered under the other employer-sponsored medical plan.

  The Company will require periodic verification of data.

Dental Plans

In designated locations, the Company provides you with a choice of dental plans. You receive enrollment instructions at the time of employment and may elect dental coverage under 1 dental plan available in your location by the date indicated on the enrollment worksheet.

If you do not enroll in a dental plan by the date indicated on the enrollment worksheet, you will be enrolled automatically in the Network Dental Plan for employee-only coverage.

Annual Enrollment Period

The Company establishes an annual enrollment period on or before January 1 each year when you may change medical and/or dental plans.

Special Enrollment Events

If you declined coverage in the medical or dental plans for yourself and/or your eligible dependents when you were first eligible because you or your dependents had other health care coverage, you may enroll yourself and/or your eligible dependents if you or your dependent experiences one of these special enrollment events:

- You or your dependent loses or becomes ineligible for other health care coverage because of an event such as loss of dependent status under another health care plan (through divorce, legal separation, termination of a same-gender domestic partnership, or dependent child reaching the limiting age), death, termination of employment, reduction in hours of employment, termination of employer contributions toward the coverage, elimination of coverage for the class of similarly situated employees or dependents, moving out of the plan's service area with no other coverage available from the other health care plan, or reaching the lifetime limit on all benefits under the other health care plan.
- You or your dependent becomes ineligible for Medicaid or a state Children's Health Insurance Program and loses coverage; you or your dependent becomes eligible for premium assistance under Medicaid or a state's child health care plan.
- You or your dependent exhausts any continuation coverage from another employer; that is, coverage provided under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), ends.
- You gain a new dependent because of marriage, entering a same-gender domestic partnership, birth, adoption, or placement for adoption.

Note: For this purpose, "other health care coverage" does not include coverage through Medicare or Medicaid.

If you experience a special enrollment event, you can enroll yourself and/or your eligible dependents in a medical and/or dental plan as described above. You can enroll in any family status tier and any health plan option available to you.

Special enrollment is not available if you lose coverage because of failure to make timely premium payments or termination from the plan for cause (such as for making a fraudulent claim).

If you decline enrollment in the medical and dental plans because of other employer-sponsored health care coverage (such as through a spouse's employer), you may be able to enroll yourself and eligible dependents in the Company-sponsored medical and dental plans during the year as long as enrollment is within 60 days after other coverage ends.

If you have a new dependent as a result of marriage, entering into a same-gender domestic partner relationship, birth, adoption, or placement for adoption, you may enroll the new dependent during the year as long as enrollment is requested within 120 days after the qualified event.

Qualified Status Changes

If you experience one of the qualified status changes listed below, you may be able to enroll in medical or dental coverage, change your current coverage, or drop your coverage midyear. Any change to your coverage must be consistent with the status change that affects your or your dependent's eligibility for Company-sponsored health care coverage or health care coverage sponsored by your eligible dependent's employer.

Qualified status changes are the following events:

- You marry, divorce, or become legally separated, or the marriage is annulled.
- You enter into or dissolve a same-gender domestic partner relationship.
- You acquire a new, eligible dependent child, such as by birth, adoption, or placement for adoption.
- Your spouse or same-gender domestic partner or dependent child dies.
- You or your spouse or same-gender domestic partner or dependent child starts or stops working.
- You or your spouse or same-gender domestic partner or dependent child has any other change in employment status that affects eligibility for coverage such as changing from full time to part time (or part time to full time), salaried to hourly (or hourly to salaried), strike or lockout, a transfer between a nonunion salaried position and a union-represented position, or beginning or returning from an unpaid leave of absence,

including an approved leave of absence in accordance with the Family and Medical Leave Act.

- You or your spouse or same-gender domestic partner or dependent child experiences a significant increase in the cost of employer-sponsored health care coverage or the employer-sponsored health care coverage ends, including expiration of COBRA coverage.
- The Company adds a new benefit option or significantly improves an existing benefit option.
- You or your spouse or same-gender domestic partner or dependent child experiences a significant curtailment or cessation of employer-sponsored health care coverage.
- You or your spouse or same-gender domestic partner or dependent child becomes eligible or ineligible for Medicare or Medicaid or becomes ineligible and loses coverage under Medicaid or a state Children's Health Insurance Program.
- You or your covered dependent becomes eligible for premium assistance under Medicaid or a state's child health care plan.
- Your dependent child becomes eligible for, or no longer is eligible for, health care coverage due to age limits, principal support status, or a similar eligibility requirement.
- You or your spouse or same-gender domestic partner or dependent child makes an enrollment change in his or her employer-sponsored health care coverage, either because of a qualified change in status or an annual enrollment.
- You or your spouse or same-gender domestic partner or dependent child changes place of residence or work, affecting access to care within the current plan or access to network providers.
- You are transferred to a different division, affecting eligibility for benefits under Company-sponsored health care plans.
- You or your spouse or same-gender domestic partner or dependent child loses coverage under a group health plan sponsored by a governmental or educational institution.

You also may change an election to comply with a qualified medical child support order (QMCSO) to provide or cancel coverage for a dependent child resulting from a divorce, annulment, or change in legal custody.

In most situations, you must request enrollment within 60 days after the qualified event. You can enroll a new dependent within 120 days following your marriage or entering into a same-gender domestic partner relationship

or a dependent child's birth, adoption, or placement for adoption. To request enrollment for a new dependent more than 60 days but within 120 days after marriage, entering into a same-gender domestic partner relationship, birth, adoption, or placement for adoption, you must call the Boeing Service Center and speak with a customer service representative. You must provide the Boeing Service Center with any required supporting documentation by the date specified by the Boeing Service Center or your request will be denied.

Effective Date of Coverage

Employees

If you are a newly hired employee, the Package becomes effective as follows:

- Medical and dental coverage becomes effective on the first day of the month following your first day of employment.
- Life insurance, accidental death and dismemberment, short-term disability, and survivor income coverage becomes effective on the first day of the month following your first day of employment, provided you are actively at work on that date.

You must be on the active payroll on the first day of the month.

For coverage during a leave of absence, see the Leaves of Absence section.

Dependents

Current eligible dependents are covered for medical and dental benefits on the same date your coverage is effective. Eligible dependents acquired after your coverage is effective become covered on the date of marriage or entering into a same-gender domestic partner relationship, date of birth, or date the child is legally placed with you for adoption, if application is made within 120 days of the event. For other newly eligible dependents, coverage is effective on the date dependency is established, if application is made within 60 days.

You authorize required contributions when enrolling eligible dependents.

Life Insurance Plan

The life insurance benefit is $32,000. The total amount is payable in the event of your death from any cause at any time or place while covered. Payment is made in a lump sum or installments to the designated beneficiary. You may change beneficiaries at any time by contacting the Boeing Service Center.

If you become permanently and totally disabled for longer than 6 full calendar months at any time before age 60 and while covered under the

plan, the life insurance benefit is paid as a permanent and total disability benefit in monthly installments of $500 beginning the first day of the month after the service representative receives proof of the disability. The disability must have existed continuously for 6 months and be expected to keep you, for life, from performing any work for compensation or profit. The installments continue while you remain totally and permanently disabled until the life insurance benefit, with interest on the unpaid balance, is exhausted. (The final installment is for the balance of the fund.) If you die while entitled to receive this monthly benefit, your beneficiary receives the balance of the life insurance benefit and the accrued interest credited to date of death in a lump sum. Separate periods of total disability resulting from the same or related causes and separated by less than 30 days of active work are considered one period of total disability.

If you recover and return to work, the unpaid installments plus accrued interest to date are reinstated as the total life insurance benefit. Payments for a subsequent disability are limited to this reduced amount.

If you recover but do not return to work, all coverage terminates. You may then convert the total unpaid installments plus accrued interest under the conversion of benefits provision.

The rate of interest allowed on the unpaid balance is the rate for special settlement methods under the individual life insurance policies issued by the service representative.

Proof of disability must be furnished within 12 months of the date active work ends.

If you are hired or rehired on or after January 3, 2014, and you are not a participant in The Boeing Company Employee Retirement Plan (BCERP), the Company will provide a $15,000 disability insurance benefit in the event you become disabled and satisfy the conditions that would otherwise have qualified for a disability retirement benefit under the BCERP. You will not be eligible for this disability insurance benefit if you are eligible for any disability retirement benefit under the BCERP.

Accidental Death and Dismemberment Plan

Accidental death and dismemberment benefits are provided if your loss of life, paralysis, or loss of hand, foot, eyesight, hearing, or speech is caused by a covered accident (including an occupational accident) that occurs while you are covered under the plan.

The full principal sum, $32,000, is paid to your beneficiary if you die. This amount is in addition to any amount payable under the group life insurance coverage.

The following benefits are payable if the covered injury causes any of the following losses within 365 days after the covered accident:

Loss	Percentage of Principal Sum
Life	100%
Quadriplegia	100%
Both Hands or Both Feet	100%
Sight of Both Eyes	100%
1 Hand and 1 Foot	100%
1 Hand and the Sight of 1 Eye	100%
1 Foot and the Sight of 1 Eye	100%
Speech and Hearing in Both Ears	100%
Paraplegia	75%
Hemiplegia	50%
1 Hand or 1 Foot	50%
Sight of 1 Eye	50%
Speech or Hearing in Both Ears	50%
Hearing in 1 Ear	25%
Thumb and Index Finger of Same Hand	25%

"Loss" of a hand or foot means the complete severance through or above the wrist or ankle joint. "Loss" of sight of an eye means the total and irrecoverable loss of the entire sight in that eye. "Loss" of hearing in an ear means the total and irrecoverable loss of the entire ability to hear in that ear. "Loss" of speech means the total and irrecoverable loss of the entire ability to speak. "Loss" of a thumb and index finger means the complete severance through or above the metacarpophalangeal joint of both digits.

"Quadriplegia" means the complete and irreversible paralysis of both upper and both lower limbs. "Paraplegia" means the complete and irreversible paralysis of both lower limbs. "Hemiplegia" means the complete and irreversible paralysis of the upper and lower limbs of the same side of the body.

"Injury" means bodily injury caused by an accident occurring while you are covered under the plan, and resulting directly and independently of all other causes in death or loss as listed above.

If you sustain more than 1 loss as the result of the same accident, no more than 100% of the principal sum will be paid.

If you are unavoidably exposed to the elements due to an accident occurring while covered under this plan, and as a result of such exposure suffer a loss for which a benefit is otherwise payable, the loss will be covered under the terms of this plan.

If your body has not been found within 1 year of the disappearance, forced landing, stranding, sinking, or wrecking of a vehicle in which you were an occupant while covered under this plan, the loss will be covered as an accidental death under the terms of the plan.

No plan benefits will be paid for a death or loss caused in whole or in part by, or resulting in whole or in part from:

- Suicide or intentionally self-inflicted injury.
- Declared or undeclared war or act of declared or undeclared war occurring in the continental limits of the United States, unless it is an act of terrorism.

  ("Terrorism" means any violent act intended to cause injury, damage, or fear and committed by or purportedly committed by one or more individuals or members of an organized group to make a statement of the individual's or group's political or social beliefs, concepts, or attitudes and/or to intimidate a population or government into granting the individual's or group's demands.)
- An illness, sickness, disease, bodily or mental infirmity, medical or surgical treatment, or bacterial or viral infection, regardless of how contracted, except bacterial infection resulting from an accidental cut or wound or accidental food poisoning. However, if a covered loss results from medical or surgical treatment of an injury, benefits will be provided for the loss.

Short-Term Disability Plan

Benefits are paid for disabilities due to pregnancy-related conditions, illness, and accidental injuries on or off the job. Disabled means you are unable to perform the essential functions of your regular occupation or other appropriate work Boeing makes available as a result of a pregnancy-related condition, illness, or accidental injury (on or off the job).

The following schedules state the benefit amounts, classes of disability, and the maximum period of payment. Benefit amounts are determined by your labor grade.

Labor Grade	Weekly Benefit for Disabilities Not Covered by Workers' Compensation	Weekly Benefit for Disabilities Covered by Workers' Compensation
A-1-2-3	$280.00	$140.00
4-5-6-7	300.00	150.00
8-9-10-11	330.00	165.00

Workers' compensation benefits for illness and accidental injuries are payable in addition to this Plan.

Payment periods:

Benefits Begin	In the Event of	Maximum Periods
1st day of disability	Accidental injury not covered by workers' compensation	26 weeks
1st day of confinement	Confinement in a hospital for nonoccupational or occupational injuries or illnesses or for pregnancy-related conditions	26 weeks
7th day of disability	Pregnancy-related conditions, accidental injury covered by workers' compensation, and all other illnesses	26 weeks

If you are absent for 7 or more consecutive days due to a disability resulting from a surgery in an outpatient hospital or surgical facility, benefits will be retroactive to the first day of the disability.

No benefits are payable for any period during which you are not under the regular care of a physician. To receive benefits according to the schedule, you must be seen by a physician within the first 7 days of disability; otherwise benefits begin on the date you are actually seen and treated. For this benefit, physician refers to a legally qualified, licensed physician, with a course of treatment that is consistent with the diagnosis of the disabling condition and according to guidelines established by medical, research, and rehabilitation organizations. All determinations of total disability are made by the service representative within the terms of its contract with the Company.

An increase or decrease in your short-term disability coverage amount is effective the first day of the month following or coinciding with a change in labor grade. If you are both disabled and away from work on the date an increase or decrease would be effective, the change is delayed until you return to an active work schedule.

Reinstatement of Benefits

- Benefits are reinstated after a period of disability when you return to active work for at least 30 consecutive days.
- If you are absent due to the same or a related disability during this 30-day period, benefits are not reinstated. However, you are eligible for any benefits remaining from the original 26-week period on the first day of the subsequent disability.
- If you return to active employment for at least 1 full day and the subsequent disability is due to entirely different and unrelated causes from the prior disability, you are considered as having started a new period of disability.

Income Tax Withholding

Short-term disability payments are reported to the Federal government and may be considered taxable income. Income tax will be withheld if required by law.

Social Security (FICA) withholding is made from employee disability payments and reported to the government. The amount is the current FICA withholding rate. This withholding is required by law and is matched by the employer.

Survivor Income Plan

If you die from any cause, at any time or place, while covered under the plan, survivor income benefits are payable to eligible survivors, as listed below. Survivor income benefits are composed of transition benefits and bridge benefits.

Transition Benefit

The transition benefit is $210 per month for any month the survivor receives either no Social Security benefits or Social Security benefits reduced solely because of age. If the survivor receives unreduced Social Security benefits, the transition benefit is $140 per month.

The transition benefit is paid for a maximum of 24 months to these survivors, in the following priority:

- Your widow or widower lawfully married to you.

- Your unmarried child or children under age 25 if living with and dependent on you for at least 50% of their support during the year immediately preceding your death. The child continues to be eligible regardless of age if totally and permanently disabled and living with and dependent on you.
- Your parents or parent if dependent on you for at least 50% of their support in the year before your death.

Benefits begin the first day of the month following the date you die and are payable on the first day of each month thereafter. Benefits are divided equally where 2 or more persons are to receive the benefits. If there are no qualified survivors, no benefits are paid.

Bridge Benefit

After transition benefits are paid, if your eligible spouse was at least age 50 at the time of your death, monthly payments of $210 are made to your spouse while living and unmarried until the earliest of these dates:

- Your spouse remarries.
- Your spouse reaches age 62.
- Full widow's or widower's insurance benefits under the Federal Social Security Act become payable.

However, if your surviving spouse is eligible to receive mother's or father's insurance benefits under the Social Security Act, monthly payments are deferred until your spouse stops receiving mother's or father's insurance benefits.

Medical Plans

The Company-sponsored medical plan is the Traditional Medical Plan. Where appropriate, Health Maintenance Organizations (HMOs) and Coordinated Care Plans (CCPs) will be offered to retirees and their dependents in addition to the Traditional Medical Plan. See your Summary Plan Description or Certificate of Coverage for a description of medical plan benefits.

Summary of Traditional Medical Plan Benefits

This section shows general plan features of the Traditional Medical Plan; the Schedule of Benefits section shows benefit amounts and other plan information.

Benefit and plan payment provisions are based on a benefit year, January 1 through December 31.

Prescription drug benefits are as shown in the "Prescription Drug Program" section. Vision care benefits, as shown in the "Vision Care Program" section, are available to active employees.

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
Plan Features		
Annual Deductible	The deductible applies to all covered network services and supplies except network provider outpatient visits where the copayment applies, preventive care, tobacco cessation treatment, routine vision care, and prescription drugs	

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
Office Visit Copayment (Annual deductible does not apply)	$15 office visit copayments apply to physician office visits, pregnancy-related conditions, and spinal and extremity manipulations; does not apply to mental health or substance abuse treatment, preventive care, or tobacco cessation treatment.	Does not apply; charges of nonnetwork providers are subject to the annual deductible and coinsurance
	Effective January 1, 2017: $20 office visit copayment applies to primary care provider office visits, $25 office visit copayment applies to specialist office visits (including chiropractic) Primary care providers are physicians in general practice, family practice, internal	

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
	medicine, osteopath, pediatrics, obstetrics, or gynecology; advanced registered nurse practitioner (in any of these practices); physician assistant (in any of these practices); and urgent care providers.	
	Effective January 1, 2020: $30 office visit copayment applies to primary care provider office visits, $40 office visit copayment applies to specialist office visits (including chiropractic) Primary care providers are physicians in general practice, family practice, internal medicine, osteopath, pediatrics, obstetrics, or gynecology; advanced registered nurse practitioner (in any of these practices); physician assistant (in any of these practices); and urgent care providers.	
Annual Out-of-Pocket Maximum	The annual out-of-pocket maximum is shown in the Schedule of Benefits section	
Lifetime Maximum Benefit	None	
Provider Choice		

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
Network Providers	Special fee arrangements with the service representative make it possible for the plan to cover a higher percentage of most network services and supplies; in most cases, the only out-of-pocket expenses are: • Deductible, copayment, and coinsurance amounts • Expenses for services and supplies not covered by the plan • Any amounts that exceed plan maximum benefits	
Nonnetwork Providers	In a location where qualified network providers are available, the plan covers a lower percentage of most nonnetwork services and supplies; in a location where there is no qualified network provider, the plan covers services and supplies at the network level; benefit payments are based on usual and customary charges	
Providers in a Category Not Eligible to Participate in the Network	The plan covers services and supplies at 80%; you can call the service representative to find out which types of providers are network providers in a particular location; benefit payments are based on usual and customary charges	
Covered Services and Supplies	Network coinsurance applies to most covered network services and supplies, except as shown below	Nonnetwork coinsurance applies to most covered nonnetwork services and supplies, except as shown below
Ambulance	Network coinsurance applies	See network provisions
Christian Science Sanatorium	Network coinsurance applies; certain limits apply	See network provisions
Emergency Room		
Medical Emergency	Network coinsurance applies after emergency room	See network provisions

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
	copayment (waived if admitted as an inpatient immediately following emergency room treatment, is treated in the emergency room for more than 12 hours, or dies in the emergency room)	
All Other Treatment	Network coinsurance applies after emergency room copayment	Nonnetwork coinsurance applies after emergency room copayment
Hearing Aids	Network coinsurance applies for aids up to $800 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new hearing aid after 3 years **Effective January 1, 2020:** Network coinsurance applies for aids up to $1000 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new hearing aid after 3 years	Nonnetwork coinsurance applies for aids up to $800 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new hearing aid after 3 years **Effective January 1, 2020:** Network coinsurance applies for aids up to $1000 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new hearing aid after 3 years
Home Health Care	Network coinsurance applies at 90%	Nonnetwork coinsurance applies at 60%

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
Hospice Care	Network coinsurance applies at 90% subject to 6-month review Skilled care by registered nurse, licensed practical nurse, or home health aide Apply to the service representative for physician-recommended extensions	See network provisions
Mental Health Treatment (including eating disorders)		
Covered Inpatient, Partial Hospital, Residential, or Intensive Outpatient Services	See the Schedule of Benefits section for payment level at 90%	See the Schedule of Benefits section for payment level at 60%
Other Covered Outpatient Services	See the Schedule of Benefits section for payment level	See the Schedule of Benefits section for payment level at 60%
Neurodevelopmental Therapy (for children age 6 and under)	Network coinsurance applies up to $1,000 each benefit year (network and nonnetwork combined)	Nonnetwork coinsurance applies up to $1,000 each benefit year (network and nonnetwork combined)
Occupational, Physical, and Speech Therapy	Network coinsurance applies at 90%	Nonnetwork coinsurance applies at 60%
Preventive Care		
Routine Physical Examinations (for employees, spouses	See the Schedule of Benefit section for payment level;	Not covered when received in a network service area

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
and dependents over age 18)	includes related X-ray and laboratory charges	
Well Child Benefits	See the Schedule of Benefits section for payment level	Not covered when received in a network service area
Tobacco Cessation	See the Schedule of Benefits section for payment level	See the Schedule of Benefits section for payment level
Spinal and Extremity Manipulations	Network coinsurance applies; 26 spinal and/or extremity manipulation visits per benefit year (network and nonnetwork combined) **Effective January 1, 2017:** Specialist office visit copayment applies; 26 spinal and/or extremity manipulation visits per benefit year (network and nonnetwork combined)	Nonnetwork coinsurance applies; 26 spinal and/or extremity manipulation visits per benefit year (network and nonnetwork combined)
Substance Abuse Treatment		
Covered Inpatient, Partial Hospital, Residential, Intensive Outpatient, or Outpatient Services	See the Schedule of Benefits section for payment level	See the Schedule of Benefits section for payment level
Temporomandibular Joint Dysfunction and Myofascial Pain	See the Schedule of Benefits section for	See the Schedule of Benefits section for

Summary of Traditional Medical Plan Benefits See the Schedule of Benefits section for benefit amounts		
	Network	**Nonnetwork**
Dysfunction Syndrome (TMJ/MPDS) Treatment	payment level	payment level

See "Covered Medical Services and Supplies" for more details on benefits.

Out-of-Pocket Maximums

For some services, you are required to pay a certain percent of charges, called out-of-pocket expenses.

When your out-of-pocket expenses (or when your family members' combined out-of-pocket expenses) reach the annual out-of-pocket maximum, most other benefits are paid at 100% of usual and customary charges for the rest of that benefit year, up to any maximum benefit amounts.

The following expenses do not count toward the out-of-pocket maximums:

- Any balance remaining after a benefit maximum has been reached.
- Benefits paid at a reduced amount or denied when you fail to follow medical review program procedures and requirements.
- Covered medical services for TMJ/MPDS treatment.
- Covered medical services for treatment of mental illness or substance abuse.
- Covered services for tobacco cessation.
- Covered medical services paid at 100% of usual and customary charges or in full.
- Deductibles.
- Expenses for services or supplies not covered by the plan.
- Hospital emergency room copayments.
- Office visit copayments.
- The difference between usual and customary charges and the provider's actual charge.

Provider Choice

Network Providers

Network providers are physicians, hospitals, and other health care providers who have contracts with the plan's service representative to provide efficient, cost-effective health care. Although you may receive care from

any licensed provider covered under the plan, the plan offers certain advantages if a network provider is used.

The contracts with network providers include direct billing and payment systems. This means you do not need to submit a claim form when a network provider is used.

Nonnetwork Providers
Covered services obtained from nonnetwork physicians, hospitals, and other covered health care providers in a license category eligible to participate in the network (for example, M.D.s) are paid according to whether network providers are available in that location.

Providers in a Category Not Eligible to Participate in the Network
Certain types of providers may or may not be network providers depending on their location. The plan may not have network contracts with providers in a specific category in a particular location (such as podiatrists or chiropractors in certain locations).

Medical Review Program

The medical review program lets you and your physician know whether certain types of nonemergency care will be covered under the plan before the care is provided and the expense is incurred.

The plan pays regular benefits for certain types of nonemergency care only if the medical review program is contacted before care is received. Benefits may be limited or denied if these requirements are not followed.

Medical review program requirements do not apply if primary coverage is provided through another employer's group medical plan.

If preadmission or prior approval is...	Then the plan pays...
Obtained through the medical review program	Regular benefit levels shown in the "Summary of Traditional Medical Plan Benefits" table
Required but not obtained and it is later determined that the care was medically necessary	50% of the first $2,000 of usual and customary charges (after the annual deductible)
Not obtained and the admission or care is not considered medically necessary under the medical review program's guidelines	No benefits; you are responsible for 100% of the charges

Although contacting the program is not required before emergency or pregnancy-related admissions, you or your physician should contact the program soon after admission to be assured whether the rest of the confinement is covered. Hospital preadmission review for childbirth is not required for a mother and newborn for the first 48 hours following a normal delivery or 96 hours following a cesarean section.

Voluntary Second Surgical Opinion

The plan encourages you to get a second opinion before having any nonemergency surgery.

A second (or third) surgical opinion will be covered under the network/nonnetwork provider payment levels, subject to the plan's copayments and/or deductibles and coinsurance.

Individual Case Management

In the event of a severe or long-term illness or injury, the service representative assists your network provider in identifying treatment alternatives that offer cost-effective care and enhancements to quality of life.

Covered Medical Services and Supplies

In general, the plan covers medically necessary services and supplies used to diagnose or treat a nonoccupational accidental injury or illness as well as medically appropriate services and supplies for certain types of preventive care and other conditions, up to plan limits.

Acupuncture

The plan covers medically necessary acupuncture for a covered illness or in place of covered anesthesia. Treatment must be provided by a licensed acupuncturist (L.A.C.), doctor of medicine (M.D.), or doctor of osteopathy (D.O.). You can contact the service representative to determine if acupuncture is covered for a particular condition.

Ambulance

Professional ambulance services are covered to transport you from the place where you are injured or become ill to the first hospital where treatment is given. These services also are covered when the physician requires an ambulance to transport you to a hospital in your area of residence to protect your health or life. Air ambulance transportation is covered when medically necessary.

Ambulance service from one hospital to another, including return, is covered only if the facility is the nearest one with appropriate regional specialized treatment facilities, equipment, or staff physicians. Ambulance transportation from or to your home is covered when medically necessary. No other expenses in connection with travel are covered.

Centers of Excellence

The plan offers a higher level of benefits for covered transplants and/or bariatric (weight loss) surgery at approved Centers of Excellence—facilities that specialize in a particular treatment. When you use a Center of Excellence, your eligible expenses will be paid at 100 percent. This means you will not be required to pay coinsurance. The deductible still applies where applicable. If you must travel a minimum of 75 miles from your residence to use a Center of Excellence, the plan also offers certain travel benefits. For additional information about this program, including facilities that qualify for the higher benefit level, call the member services number on the back of your medical plan ID card.

Christian Science Sanatorium

Charges for a semiprivate room in a sanatorium are covered if you are admitted for the process of healing (not rest or study) and are under the care of an authorized Christian Science practitioner. If a private room in a sanatorium is used, you are responsible for the difference between the charge for the private room and the sanatorium's average charge for a semiprivate room. If the facility provides only private rooms, the plan covers up to the charge for semiprivate rooms in similar local facilities.

A Christian Science sanatorium is a facility that, at the time of the healing treatment, is operated (or listed) and certified by the First Church of Christ, Scientist, in Boston, Massachusetts.

Congenital Abnormalities and Hereditary Complications

Medically necessary services and supplies are covered when required for the treatment of congenital abnormalities and hereditary complications. This coverage applies to newborn children as well as to all other persons covered under the plan.

Cosmetic Surgery

The plan covers necessary services and supplies for cosmetic surgery only if the surgery is required for the prompt repair of an accidental injury or improvement of function due to congenital abnormality. All other surgery performed for cosmetic purposes is excluded, except as specifically provided for treatment after a mastectomy (see "Reconstructive Breast Surgery").

Dental Repair of Accidental Injury

Services and supplies for the prompt repair of sound natural teeth or other body tissues as a result of an accidental injury are covered, but only to the extent they are not covered by your Company-sponsored dental plan. This may include surgical procedures of the jaw, cheek, lips, tongue, and other parts of the mouth and treatment of fractures in the facial bones (maxilla or mandible).

Diagnostic X-Ray and Laboratory Services

Diagnostic X-ray and laboratory examinations are covered, including those in connection with a voluntary second surgical opinion.

Durable Medical Equipment

The plan covers the rental (or purchase, when approved by the service representative) of medically necessary durable medical or surgical equipment when prescribed by a physician. Covered equipment must be:

- Able to withstand repeated use.
- Solely for the treatment or improvement of a critical function related to the medical condition.
- Appropriate for use in the home.

Examples of covered durable medical equipment are crutches, wheelchairs, kidney dialysis equipment, standard hospital beds, oxygen equipment, and diabetic supplies and equipment such as blood glucose monitors, insulin infusion devices, and insulin pumps. Covered equipment must not be useful to a person in the absence of the medical condition.

The repair or replacement of durable medical equipment due to normal usage or change in the patient's condition, including growth of a child, also is covered.

Emergency Room

Emergency room treatment at either a network or nonnetwork facility is paid at the network level if it is a medical emergency. A patient admitted to a nonnetwork hospital retains emergency status (and benefits are paid at the network level) for 24 hours or until the patient can be transferred safely to a network facility. However, for care at a nonnetwork facility when the condition is not a medical emergency, covered services are paid at the nonnetwork level.

Erectile Dysfunction

Organic erectile dysfunction treatment is covered when the patient has a history of one or more of the following:

- Insulin-dependent diabetes.
- Major pelvic surgery.
- Peripheral neuropathy or autonomic insufficiency.
- Peripheral vascular disease or local penile vascular abnormalities.
- Prostate cancer.
- Severe Peyronie's disease.
- Spinal cord disease or injury.

Covered therapy includes vacuum erection devices, injection therapy, a penile prosthesis, urethral pellets, and prescription medications.

Hearing Aids

Plan benefits include cost and installation of a hearing aid when recommended in writing by a physician or certified audiologist as well as the overhaul of a hearing aid in place of a new hearing aid. Benefit periods are described in the "Summary of Traditional Medical Plan Benefits" table.

Hemodialysis

The plan covers repetitive hemodialysis treatment for chronic, irreversible kidney disease. Covered services and supplies include the rental, lease, or (under certain conditions) purchase of hemodialysis equipment. Purchase of specific supplies is contingent on the supplies having no real utility to the patient in the absence of the disease and having no value to other household members. Coverage of the purchase of equipment is subject to specific conditions, including an amortization period, decided by the service representative.

Hemodialysis treatment and equipment are covered by the plan for the first 30 months following Medicare entitlement due to end-stage renal disease. After this 30-month period, Medicare provides primary coverage and the plan provides secondary coverage.

Home Health Care

Medically necessary home health care visits and supplies are covered if inpatient care in a hospital or skilled nursing facility otherwise would be required. In addition, you must be considered homebound, which means leaving home involves a considerable and taxing effort and public transportation cannot be used without the help of another.

Home health care requires prior approval; see "Medical Review Program". Before receiving home health care, the attending physician must provide a written treatment plan (a written program for continued care and treatment).

The following home health care visits and supplies are covered if provided and billed by an approved home health care agency:

- Home health aide visits.
- Medical social visits provided by a person with a master's degree in social work (M.S.W.).
- Medical supplies that would have been provided on an inpatient basis.
- Nursing visits provided by a registered nurse (R.N.) or licensed practical nurse (L.P.N.).
- Nutritional guidance by a registered dietitian.
- Nutritional supplements (such as diet substitutes) administered intravenously or through hyperalimentation.
- Occupational therapy visits provided by an occupational therapist.
- Physical therapy visits provided by a physical therapist.
- Physician services.
- Respiratory therapy visits provided by an inhalation therapist certified by the National Board of Respiratory Therapists.
- Services and supplies for infusion therapy. (Patients do not need to meet the treatment plan and homebound requirements.)
- Speech therapy visits provided by a speech therapist.

Hospice Care

Hospice care is provided to terminally ill patients in an effort to control pain and other symptoms associated with terminal illness. The plan covers these services for a patient whose life expectancy has been determined to be 6 months or less.

Hospice care requires prior approval; see "Medical Review Program". Before receiving hospice care, the attending physician must provide a written treatment plan (a written program for continued care and treatment).

An approved hospice treatment plan may include both inpatient and outpatient care. If hospital inpatient care is approved, the plan covers hospice care on the same basis as for other types of hospital inpatient care. Skilled nursing facility or hospital outpatient care also are covered for the hospice patient on the same basis as for other patients. The plan also covers prescription drugs and durable medical equipment for hospice care on the same basis as for other types of care.

The plan covers home health care visits and supplies listed in "Home Health Care" above if they are part of an approved hospice treatment plan and provided and billed by an approved hospice agency. An approved hospice

agency is a public or private organization that administers and provides hospice care and is either Medicare approved or operating under the direction and control of the licensing or regulatory agency in its location.

In addition, the plan covers respite care services to provide temporary relief to family members and friends who care for the patient as shown in the "Summary of Traditional Medical Plan Benefits" table.

***Hospital* Services**

The plan covers charges for a semiprivate room and medically necessary hospital services and supplies.

The cost of a private room is covered if medically necessary. If a private room is used when it is not medically necessary, the patient is responsible for the difference between the charge for the private room and the hospital's average charge for a semiprivate room. If the hospital provides only private rooms, the plan covers up to the charge for semiprivate rooms in similar local facilities.

Advance approval is needed for:

- Nonemergency admissions (see "Medical Review Program").
- Inpatient mental health and substance abuse treatment or outpatient electroconvulsive therapy (see "Mental Health and Substance Abuse Program" below).

The plan covers services of an approved freestanding surgical center or hospital-based emergency facility if such services would be covered if received in a hospital.

Infertility

The plan covers the following services in connection with the diagnosis and treatment of infertility:

- Diagnostic tests necessary to determine the cause of infertility.
- Surgical correction of a condition causing or contributing to infertility.
- Conventional medical treatment such as office visits, laboratory services, and prescription drugs for infertility.

Mental Health and Substance Abuse Program

The Boeing mental health and substance abuse program provides benefits for mental health treatment and substance abuse treatment (including abuse of or addiction to alcohol, recreational drugs, or prescription drugs). The program is administered by the Boeing behavioral health manager.

To be reimbursed under the plan, all mental health and substance abuse treatment must be determined medically necessary. When treatment is obtained from a referred provider, the plan payment level is higher. All care

is reviewed for medical necessity whether or not you contact the Boeing behavioral health manager.

Mental Health Treatment Coverage. The plan covers medically necessary mental health treatment from any provider contracted with the Boeing behavioral health manager, including any licensed clinical psychologist, hospital or treatment facility, psychiatric doctor (M.D.), psychiatric nurse (R.N.), or professional at the master's level or above who is licensed in the area where services are performed.

If the mental health treatment is related to, accompanies, or results from substance abuse, coverage is provided solely under substance abuse provisions.

Substance Abuse Treatment Coverage. The plan covers medically necessary alcoholism treatment and other types of substance abuse treatment at an approved treatment facility or hospital as well as physician and licensed therapist services and prescription drugs. The treatment, services, and drugs must be part of a specific treatment plan prepared by your attending physician and certified as covered under the plan. (An approved substance abuse treatment facility is one that treats chronic alcoholism and/or drug abuse that is licensed and regulated by the appropriate governmental agency in its location.)

The plan covers detoxification only if followed immediately by a rehabilitation program. To receive coverage for substance abuse treatment, you must complete the prescribed course of treatment.

Neurodevelopmental Therapy

The plan covers neurodevelopmental therapy for children age 6 or under, up to the maximum benefit shown in the "Summary of Traditional Medical Plan Benefits." In-home neurodevelopmental therapy is covered if the patient is homebound. Therapists must meet licensing or certification requirements as described below.

Neurodevelopmental therapy is physical, occupational, and speech therapy for treatment of neurodevelopmental delay. Neurodevelopmental delay means lack of development of motor or speech function not due to injury or trauma.

Occupational, Physical, and Speech Therapy

Certain types of therapy are covered, but only to the extent that the therapy will significantly restore function. To be covered, the services of a physical therapist for physical therapy, an occupational therapist for occupational therapy, and a speech therapist for speech therapy must be prescribed by a physician as to type and duration of treatment.

Services must be provided under a physician's supervision while you remain under the attending physician's care. The physician must reevaluate the therapy at least every 3 months and certify that continuing therapy is required. All therapy beyond 3 months must be approved by the service representative. Benefit determination is based on the attending physician's evaluation of the therapy as well as the therapist's progress reports. The information from the physician and therapist is then reviewed against established medical criteria to determine medical necessity.

No benefits are payable for therapy given at the therapist's discretion, elected by the covered person, for any treatment for delayed development or therapy that is solely for the purpose of slowing body degeneration rather than restoring functional improvement, custodial maintenance, self-help, recreational, or educational therapy.

Licensing and Certification Requirements Occupational, physical, and speech therapists must meet licensing or certification requirements as follows:

- The therapist must be duly licensed in the areas where services are performed and must be practicing within the scope of that license.
- In the absence of licensing requirements, the therapist must be certified as a registered:
  - Occupational therapist by the American Occupational Therapy Association.
  - Physical therapist by the American Physical Therapy Association.
  - Speech therapist by the American Speech and Hearing Association.

Oral Surgery

The plan covers certain services and supplies provided by a physician or dentist to the extent they are approved by the service representative and are not covered under a dental plan.

Orthopedic Appliances and Braces; Orthotics

Braces, splints, orthopedic appliances, and orthotic supplies are covered. This includes necessary repair and replacement required by normal usage or change in the patient's condition such as growth of a child. Orthopedic shoes, lifts, wedges, and inserts (orthotics) are covered if prescribed by a physician and custom made for the patient. These items are covered as part of the durable medical equipment benefits. Over-the-counter items will not be covered.

Oxygen and Anesthesia

The plan covers oxygen and anesthesia.

Physician Services

Services of a licensed physician generally are covered when medically necessary for the diagnosis or treatment of nonoccupational accidental injuries, illnesses, or other covered conditions. (See definition of physician.) Physician services also are covered for:

- An eye examination (including refraction) if performed because of another medical condition such as diabetes, glaucoma, or cataracts (routine eye examinations are covered under the vision care program).
- Antigen, allergy vaccine, insulin, and other drugs and devices (including contraceptive injections, devices, and implants) dispensed by a physician.
- Injectable legend drugs administered in a physician's office and used to treat a covered condition.
- Preventive care.
- Voluntary second surgical opinions.

Other Professional Services. The plan covers certain health care services when provided either by a physician or another type of health care professional. All health care professionals must be licensed by the state where the services are performed and must be acting within the scope of that license. In the absence of licensing requirements, appropriate certification is required.

Covered health care professionals include:

- Acupuncturists (L.A.C.) for covered acupuncture services.
- Chiropractors providing covered chiropractic services.
- Christian Science practitioners listed in the current *Christian Science Journal* at the time they provide a service.
- Clinical psychologists and master's level therapists for mental health or substance abuse treatment for conditions covered under the plan.
- Dentists for covered dental work or surgery.
- Neurodevelopmental, occupational, physical, and speech therapists.
- Physician assistants for services that would have been covered if performed by a physician licensed as an M.D. or D.O.
- Podiatrists providing covered podiatric services.
- Registered nurses (R.N.) for services that would have been covered if performed by a physician licensed as an M.D. or D.O. The plan also covers intermittent visits by an R.N. when skilled care in place of hospitalization is not available through an alternative provider at a lesser cost.

Pregnancy-Related Conditions and Coverage of Newborns

Medically necessary services and supplies are covered for pregnancy-related conditions of you and your dependents if they are provided while covered under the plan.

Covered pregnancy-related conditions include normal delivery, cesarean section, spontaneous abortion (miscarriage), legal abortion, and complications of pregnancy.

Approved birthing center services are covered if they would be covered when received in a hospital. (A birthing center is a facility for normal delivery operating under the direction and control of the licensing or regulatory agency in its location.)

Group health plans and health insurance issuers generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery or less than 96 hours following a cesarean section. However, Federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours, as applicable). In any case, plans and issuers may not, under Federal law, require that a provider obtain authorization from the plan or the insurance issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

A newborn is eligible from the date of birth if he or she qualifies as your dependent and is enrolled within applicable changes in status time frames. The following services and supplies are covered for an enrolled newborn, subject to the plan's annual deductible, copayments, and benefit payment levels:

- Routine hospital services and supplies and physician services during the first 48 hours following a normal delivery or 96 hours following a cesarean section.
- Medically necessary hospital and physician services and supplies.

Coverage of a newborn continues as long as the child remains an eligible dependent and is enrolled in the plan.

Preventive Care

The plan covers the following preventive care if you use a network provider and you live in the network service area. (If you do not live in the network service area, you may use any licensed provider.)

- Physical examinations for you, your spouse and dependents over age 18 including related X-ray and laboratory charges. Benefits are limited to 1 examination every 3 benefit years through age 34, then 1 examination

every benefit year. The plan also covers screening Papanicolaou (Pap) tests, mammograms, and prostate screenings as recommended by your physician.

- Well child benefits, including physical examinations and related X-ray and laboratory charges. Benefits are limited to 8 examinations from birth through 24 months, then one examination per benefit year through age 18. The plan also covers immunizations in accordance with American Academy of Pediatrics guidelines and the schedule recommended by the child's physician.

The annual deductible and office visit copayment do *not* apply to covered preventive care.

Prostheses

Artificial limbs, artificial eyes, and other prostheses to replace a missing body part are covered, including the necessary repair and replacement required by normal usage or change in the patient's condition such as growth of a child.

Radiation and Chemotherapy

The plan covers radiation therapy (including X-ray therapy) and chemotherapy.

Reconstructive Breast Surgery

Covered individuals who have had or are going to have a mastectomy may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided, in a manner determined in consultation with the attending physician and the patient, for:

- All stages of reconstruction of the breast on which the mastectomy was performed.
- Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- Prostheses.
- Treatment of physical complications of the mastectomy, including lymphedemas.

These benefits are provided subject to the same deductible, copayment, and coinsurance applicable to other medical and surgical benefits provided under this plan.

Skilled Nursing Facility

The plan covers charges for a semiprivate room in a skilled nursing facility as well as medically necessary services and supplies when provided in place of covered hospital inpatient care. Skilled nursing facility services also are covered for a terminally ill patient when the illness has reached a point of

predictable end. Nonemergency admissions must be approved in advance; see “Medical Review Program”.

A skilled nursing facility is an institution approved as such by Medicare. If a private room is used, you are responsible for the difference between the charge for the private room and the facility’s average charge for a semiprivate room. If the facility provides only private rooms, the plan covers up to the charge for semiprivate rooms in similar local facilities.

Spinal and Extremity Manipulations

This plan covers spinal and extremity manipulations by an approved provider, such as a doctor of medicine (M.D.), a doctor of osteopathy (D.O.), or a chiropractic doctor (D.C.), for spinal and extremity manipulations performed by hand. Related services, such as an initial examination and initial X-rays, also are covered.

Substance Abuse Treatment

See “Mental Health and Substance Abuse Program”.

Temporomandibular Joint Dysfunction and Myofascial Pain Dysfunction Syndrome (TMJ/MPDS) Treatment

The plan covers the following surgical and nonsurgical services and supplies to treat TMJ/MPDS when provided by a physician or dentist:

- Appliance management, including kinesitherapy, physical therapy, biofeedback therapy, joint manipulation, prescription drugs, injections of muscle relaxants, and therapeutic drugs or agents.
- Appliances, including night guards, bite plates, orthopedic repositioning devices, or mandibular orthopedic devices.
- Follow-up office visits.
- Initial diagnostic examinations and X-rays.
- Surgical procedures and related hospitalizations.
- It is recommended that you obtain preapproval from the service representative for all TMJ/MPDS treatment, in accordance with written guidelines (including those for medical necessity). This treatment is subject to a benefit maximum shown in the Schedule of Benefits.

Tobacco Cessation

The plan covers tobacco cessation services that are provided by a physician, another health care professional who is practicing within the scope of his or her license, and an approved tobacco cessation provider.

However, the plan will cover the cost only if the patient completes the full course of treatment. Tobacco cessation treatment is subject to the benefit maximum shown in the Schedule of Benefits.

Transplants

The plan covers medically necessary services and supplies related to covered transplants. Transplants that are part of an approved clinical trial also may be covered. Contact the service representative for more information about covered services and supplies as well as maximums.

If you or your covered dependent receives a human organ or tissue transplant covered by this plan, certain donor organ procurement costs also may be covered. Benefits are limited to selection, removal of the organ, storage, transportation of the surgical harvesting team and the organ, and other medically necessary procurement costs.

See "Centers of Excellence" for a description of a higher level of benefits for covered transplants at approved Centers of Excellence. For further details about this program, including facilities that qualify for the higher benefit level, call the member services number on the back of your medical plan ID card.

Vasectomy or Tubal Ligation

The plan covers services and supplies required for a vasectomy or tubal ligation, but not those related to a reversal.

Exclusions

Charges for the following items are deducted from a health care provider's bill before the plan pays benefits for covered services and supplies. The plan does not pay charges for or related to the following:

- Accident or illness covered by a workers' compensation law.
- Amounts exceeding allowed charges or usual and customary charges. An allowed charge is the amount that would have been paid for like services or supplies to a network provider; (for participants entitled to Medicare, an allowed charge is the Medicare allowed charge).
- Benefits payable under any automobile medical, personal injury protection (PIP), automobile no-fault, automobile uninsured or underinsured motorist, homeowner's, or commercial premises medical coverage, when that contract or insurance is issued to or provides benefits available to the patient. Any benefits paid by the plan before benefits are paid under one of these other types of contracts or insurance are to assist the patient, and do not indicate the service representative is acting as a volunteer or waiving any right to reimbursement or subrogation.
- Completion of claim forms or reports.
- Confinement or surgical, medical, or other treatment, services, or supplies received in or from a U.S. Government hospital, except as required by law.

- Counseling—career, child, family, financial, marriage, pastoral, or social adjustment.
- Custodial care as follows:
  - Care that does not require the continuing services of skilled medical or health professionals and primarily is provided to assist in activities of daily living.
  - Institutional care primarily to support self-care and provide room and board.

  Custodial care includes, but is not limited to, help in walking, getting into and out of bed, bathing, dressing, feeding, preparing special diets, and supervising medications that ordinarily are self-administered.
- Dental services except as otherwise specifically provided.
- Dyslexia, visual analysis therapy, or training related to muscular imbalance of the eye or for orthoptics. However, coverage is provided for up to 6 months when necessary to correct muscle imbalance (strabismus, esotropia, or exotropia) if treatment begins before the person's 12th birthday.
- Education, special education, or job training—whether or not by a facility that also provides medical or psychiatric care.
- Equipment or supplies not solely related to the medical care of a diagnosed illness or injury; examples include, but are not limited to:
  - Adjustable bed.
  - Any luxury or convenience item or supply.
  - Environmental control devices (air conditioners, purifiers, humidifiers).
  - Equipment used primarily to prevent illness or injury.
  - General exercise equipment.
  - Items designed primarily to assist a person caring for the patient.
  - Items generally useful in the absence of a medical condition.
  - Modification to home (wheelchair ramps, support railings), automobile, or van (ramps, lifts).
  - Orthopedic chair.
  - Personal hygiene items.
  - Special car seat.
  - Swimming pool, spa, or whirlpool.
- Experimental or investigational services or supplies or related complications.

- Full-body computerized axial tomography (CAT) scans or other full-body imaging other than at a hospital or an institution having an agreement with a hospital to supply these services. However, expenses are covered under other circumstances if the equipment is required and certified by the physician for immediate use to diagnose a potentially life-threatening condition or if the services are provided at a physician's office, clinic or other institution approved by the Company for other than emergency use.
- Hearing aid care as listed below:
  - Eyeglass-type hearing aids to the extent the charge exceeds the covered amount for hearing aids.
  - Hearing or audiometric examinations, unless disease is present; however, hearing examinations are covered if performed as part of a covered preventive care physical examination.
  - Hearing aids ordered before you become eligible for coverage or after coverage terminates.
  - Hearing aids ordered before termination of coverage but delivered more than 60 days after coverage ends.
  - Hearing aids that do not meet professionally accepted standards, including any experimental services or supplies.
  - Replacement batteries.
  - Replacement of lost, broken, or stolen hearing aids, unless the 3-year period has been exhausted.
  - Replacement parts for hearing aid repair, unless part of an overhaul after 3 years.
- Home health care and hospice care services as listed below:
  - Homemaker or housekeeping services.
  - Hospice services of financial, legal, or spiritual counselors.
  - Hospice services to other family members, including bereavement counseling.
  - Maintenance or custodial care.
  - Psychiatric care.
  - Services provided by volunteers, household members, family, or friends.
  - Social services.
  - Supplies or services not included in the written home health or hospice care treatment plan or not otherwise covered.
  - Unnecessary or inappropriate services, food, clothing, housing, or transportation.

- Infertility services or supplies not specifically covered, including but not limited to any tests, visits, consultations, or treatment related to, leading to, or resulting in one of the noncovered services listed below.
  - Artificial insemination.
  - Consecutive follicular ultrasounds, cycle therapy, or corresponding laboratory tests when associated with any artificial means of conception.
  - Embryo transfer.
  - Fertility drugs when associated with artificial means of conception.
  - Gamete intrafallopian transfer (GIFT).
  - In vitro fertilization.
  - Microinjections.
  - Sperm preparation.
  - Sperm separation.
  - Zona drilling.
- Intentionally self-inflicted injury, unless resulting from a medical condition.
- Missed appointments.
- Nonorganic impotence such as psychosexual dysfunction.
- Obesity services and supplies unless approved in advance by the service representative in accordance with written guidelines. (A copy of the guidelines may be requested by calling the service representative.)
- Over-the-counter items, including but not limited to medications and orthopedic appliances and braces (unless otherwise covered under the durable medical equipment benefit).
- Prescription drugs unless covered as part of a hospital stay; see the "Prescription Drug Program" section for outpatient prescription drug benefits.
- Recovery houses, school programs, or emergency service patrols.
- Reversal of a sterilization procedure.
- Refractive surgery including radial keratotomy, Lasik, or other eye surgery to correct refractive errors, except when preoperative visual acuity is 20/50 or less with a lens.
- Services or supplies the service representative determines are not medically necessary for treatment of an accidental injury, illness, or other condition covered under the plan. This includes routine physical examinations, immunizations, or other preventive services or supplies, except as specifically provided by the plan.

Inpatient hospital care (including physician visits while hospitalized) is not considered medically necessary when the care can be provided safely in an outpatient setting—such as a hospital outpatient department, physician's office, or an ambulatory surgical facility—without adversely affecting your physical condition.

Examples of care that generally should be provided in an outpatient setting include observation and/or diagnostic studies, surgery that can be performed on a same-day basis, and psychiatric care primarily to control or change the patient's environment.

- Services or supplies for which no charge is made or charges you or your dependent is not required to pay.
- Services or supplies not recommended and approved by a physician or other covered health care professional or those provided before the person becomes covered under this plan.
- Services or supplies required by law to be provided by any school system.
- Services or supplies to the extent they are covered under any discontinued Company-sponsored plan.
- Services or supplies covered under any Federal, state, or other government plan, except where required by law.
- Sex transformation treatment or services.
- Skilled nursing facility services when they are not usually provided by such facilities or are not expected to lessen the disability and enable the person to live outside the facility. However, skilled nursing facility services are covered for the terminal patient when the illness has reached a point of predictable end.
- Transplant services or supplies as listed below:
  - Donor or procurement services or costs incurred outside the United States, unless specifically approved by the service representative.
  - Donor services or supplies when donor benefits are available through other group coverage.
  - Expenses for that portion of treatment funded by government or private entities as part of an approved clinical trial.
  - Expenses when the recipient is not covered under the medical plan.
  - Experimental or investigational services or supplies unless they are part of an approved clinical trial.
  - Living (noncadaver) donor transplants that are not specifically authorized and covered by the medical plan.
  - Lodging, food, or transportation costs, unless otherwise specifically provided under the medical plan.

  - Nonhuman, artificial, or mechanical transplants, unless specifically approved by the service representative.
- Vision care (routine or refractive) except as specifically provided (for active employees, routine or refractive vision care program benefits apply).
- Wigs or hair prostheses.

Definitions

Benefit Year is January 1 through December 31, annually.

Company-Sponsored Plan is a group medical or dental plan provided by the Company (or a subsidiary or affiliate) for employees and dependents. This includes the plan described in this summary. (To find out whether a particular plan is Company-sponsored, contact the Boeing Service Center for Health and Insurance Plans.)

Dentist is a legally qualified dentist practicing within the scope of his or her license.

Emergency is the sudden, unexpected onset of serious illness or severe injury that could result in (or a prudent person would have reason to believe could result in) death, permanent damage or impairment of bodily function, or loss of limb use if not treated immediately. For mental health coverage, a situation is also considered an emergency when there is imminent danger to you or others, or you are medically compromised as a result of mental illness or substance abuse.

Medically Necessary Service or Supply meets the following criteria, as determined by the service representative. A service or supply may be medically necessary in part only. The fact the service or supply is furnished, prescribed, recommended, or approved by a physician does not, by itself, make it medically necessary. A service or supply is medically necessary if it is:

- Appropriate as good medical practice.
- Consistent with the condition's symptom or diagnosis and treatment.
- Not able to be provided safely in an outpatient setting (for an inpatient service or supply).
- Professionally and broadly accepted as the usual, customary, and effective means of diagnosing or treating the illness, injury, or condition.
- Required to diagnose or treat your condition and the condition could not have been diagnosed or treated without it.
- The most appropriate service or supply essential to your needs.

Mental Illness is a disorder (including an eating disorder) that exhibits signs, symptoms, history, and other characteristics congruent with those

required for a mental disorder diagnosis enumerated in the *Diagnostic and Statistical Manual of Mental Disorders*, 4th edition (DSM IV).

Nurse is a person duly licensed as a registered nurse (R.N.) in the area where his or her services are performed and practicing within the scope of that license.

Physician is a person licensed as a medical doctor (M.D.) or doctor of osteopathy (D.O.) duly licensed to prescribe and administer all drugs and to perform surgery.

Psychologist is a person duly licensed as a clinical psychologist in the area where his or her services are performed and practicing within the scope of that license.

Service Representative is an agent that has a contract with the Company to make benefit determinations and administer benefit payments under the plan and programs described in this summary. The Company may change a service representative at any time.

Substance Abuse is an alcohol or drug-related disorder that exhibits signs, symptoms, history, and other characteristics congruent with those required for a substance-related disorder as enumerated in the *Diagnostic and Statistical Manual of Mental Disorders*, 4th edition (DSM IV).

Traditional Medical Plan Schedule of Benefits

The Traditional Medical Plan will be as described in the following "Traditional Medical Plan Schedule of Benefits."

Traditional Medical Plan Schedule of Benefits The Traditional Medical Plan is administered by BlueCross BlueShield of Illinois (the service representative).		
	Network	**Nonnetwork**
Annual Deductible	$225 per individual; $675 per family of 3 or more, but not more than $225 for any individual	

Traditional Medical Plan Schedule of Benefits The Traditional Medical Plan is administered by BlueCross BlueShield of Illinois (the service representative).		
	Network	**Nonnetwork**
	Effective January 1, 2017: $300 per individual; $900 per family of 3 or more, but not more than $300 for any individual	**Effective January 1, 2017:** $600 per individual; $1,800 per family of three or more, but not more than $600 for any individual Nonnetwork charges will apply to the network deductible
	Effective January 1, 2020: $400 per individual; $1,200 per family of 3 or more, but not more than $400 for any individual	**Effective January 1, 2020:** $800 per individual; $2,400 per family of three or more, but not more than $800 for any individual Nonnetwork charges will apply to the network deductible
Office Visit Copayment (annual deductible does not apply)	$15 office visit copayment applies to physician office visits, pregnancy-related conditions and spinal and extremity manipulations; does not apply to preventive care, mental health and substance abuse outpatient visits or tobacco cessation treatment.	Does not apply; charges of nonnetwork providers are subject to the annual deductible and coinsurance

Traditional Medical Plan Schedule of Benefits The Traditional Medical Plan is administered by BlueCross BlueShield of Illinois (the service representative).		
	Network	**Nonnetwork**
	Effective January 1, 2017: $20 office visit copayment applies to primary care office visit $25 office visit copayment applies to specialist office visit (including chiropractic)	
	Effective January 1, 2020: $30 office visit copayment applies to primary care office visit $40 office visit copayment applies to specialist office visit (including chiropractic)	
Coinsurance	90%	60%
Annual Out-of-Pocket Maximum (in addition to the annual deductible)	$2,000 per individual; $4,500 per family of 3 or more, but not more than $2,000 for any 1 person	
Lifetime Maximum Benefit	None	
Centers of Excellence	100% for plan-identified Centers of Excellence for specified transplants and bariatric surgery plus specified travel expenses; for information about this program, including facilities that qualify for the higher benefit level, see “Centers of Excellence” on page 218.	

Traditional Medical Plan Schedule of Benefits The Traditional Medical Plan is administered by BlueCross BlueShield of Illinois (the service representative).		
	Network	**Nonnetwork**
Hospital Services and Supplies	90%	60%
Emergency Room		
Medical Emergency	$75 copayment, then 90% (copayment waived if you are admitted as an inpatient immediately after emergency room care)	See network provisions
All Other Treatment	90% after $75 copayment	60% after $50 copayment
Mental Health Treatment (including eating disorders)		
Covered Inpatient, Partial Hospital, Residential, or Intensive Outpatient Services	90%	60%
Other Covered Outpatient Services	100%	60%
Tobacco Cessation Treatment		
Covered physician, health care professional, and approved provider charges	100% (annual deductible does not apply) $500 lifetime benefit maximum	

Traditional Medical Plan Schedule of Benefits The Traditional Medical Plan is administered by BlueCross BlueShield of Illinois (the service representative).		
	Network	**Nonnetwork**
Substance Abuse Treatment		
Covered Inpatient, Partial Hospital, Residential, or Intensive Outpatient, Services	90%	60%
Other Covered Outpatient Services	100%	60%
Preventive Care		
Routine Physical Examinations (for employees, spouses and dependents over age 18)	100% for 1 examination per 3 years through age 34, then 1 examination per year; covered according to plan-approved schedule (deductible does not apply). Frequency exceptions in accordance with established guidelines.	Not covered when received in a network service area

Traditional Medical Plan Schedule of Benefits The Traditional Medical Plan is administered by BlueCross BlueShield of Illinois (the service representative).		
	Network	**Nonnetwork**
Well Child Benefits	100% for 1 examination per year age 2-18; immunizations covered according to prescribed guidelines and as recommended by doctor (deductible does not apply) Frequency exceptions in accordance with established guidelines	Not covered when received in a network service area
Temporomandibular Joint Dysfunction and Myofascial Pain Dysfunction Syndrome (TMJ/MPDS) Treatment	50% up to $3,500 lifetime maximum	

Prescription drug benefits are as shown in the "Prescription Drug Program" section. Vision care benefits, as shown in the "Vision Care Program" section, will continue to apply to active employees.

Vision Care Program

The vision care program described in this section is available to active employees and dependents enrolled in the Traditional Medical Plan.

Vision Care Program Schedule of Benefits

Vision Care Program Schedule of Benefits The vision care program is administered by Vision Service Plan (VSP, the service representative).	
Services and Supplies	**VSP Plan**
Eye Examinations	Paid in full after $15 copayment for VSP network provider; up to $50 for nonnetwork provider
Lenses (2):	
Single vision	$50*
Bifocal	$80*
Trifocal	$95*
Lenticular	$155*
Frames	$90*, **
Contact Lenses (in place of allowances for conventional lenses and frames above)	$120*, **
* VSP network providers offer a 20% discount on complete pairs of prescription glasses and a 15% discount on contact lens examinations (evaluation and fitting); you pay the VSP network provider only the excess over the amounts shown in the schedule above. Nonnetwork provider charges for lenses, frames, and contact lenses are reimbursed up to the amounts shown in the schedule above; no discount applies. ** Effective July 1, 2012.	

Covered Vision Services and Supplies

The program covers the following vision care services and supplies (up to the amounts shown in the Schedule of Benefits):

- Complete eye examination of visual function, performed by a licensed ophthalmologist or optometrist.
- Contact lenses if elected in place of conventional lenses and frames.
- Frames required for prescription lenses.
- Prescription lenses.

Benefit Payment Levels

See the Schedule of Benefits above for payment levels.

Patients incur an additional charge for noncovered lens options such as lens coatings or hardening, tints, photochromic, polycarbonate, and scratch-resistant or shatter-resistant lenses.

Other vision care services are not covered under this program, but some may be covered as a medical condition under the Traditional Medical Plan.

Benefit Limitations

Benefits are provided for 1 eye examination every benefit year and 2 sets of lenses and 2 frames every 2 years (network and nonnetwork combined). The program covers contact lenses when purchased in place of conventional lenses and frames. Any replacement of lost, stolen, or broken lenses and/or frames is subject to the two-set limit.

Vision Care Program Exclusions

The following vision care expenses are not covered:

- Corrective vision treatment of an experimental nature. (Experimental nature means a procedure or lens not used universally or accepted by the vision care profession, as determined by the service representative.)
- Costs above the maximum covered expenses.
- Lens options (such as coatings or hardening, tints, photochromic, polycarbonate, or scratch-resistant or shatter-resistant lenses).
- Medical or surgical treatment of the eye. (However, VSP network providers will offer discounts for refractive surgery.)
- Orthoptics or vision training or any associated supplemental testing; dyslexia.
- Plano lenses (less than a ± 0.38 diopter power), nonprescription glasses, 2 pair of glasses instead of bifocals, or extra charge for progressive lenses in excess of the bifocal allowance.
- Services or supplies not listed as covered expenses.
- Services or supplies received more than 60 days after the service representative authorizes vision care benefits.
- Services or supplies received while not covered or lenses or frames furnished or ordered before coverage begins.
- Solutions and/or cleaning products for glasses or contact lenses.
- Special supplies, such as nonprescription sunglasses or subnormal vision aids.

Prescription Drug Program

The prescription drug program described in this section is available to employees and dependents enrolled in the Traditional Medical Plan.

This program offers 2 coverage options for prescription drugs and medicines:

- Retail pharmacy card program—you can use the pharmacy card to obtain covered prescriptions from a participating retail pharmacy.
- Mail service program—called Medco By Mail.

A formulary applies to all retail pharmacy and mail order purchases. (A formulary is a list of drugs determined to be effective in both cost and treatment and approved by the Food and Drug Administration (FDA). A nonformulary drug also may be effective for treatment, but is not as cost-effective as formulary or generic drugs. A group of practicing physicians and pharmacists routinely reviews drugs to include in the formulary. If clinical data show several drugs are equally effective, the most cost-effective drug usually is chosen. The formulary may change from time to time.)

There are 3 categories of prescription drug purchases:

- **Generic**—drugs that are chemically and therapeutically equivalent to their brand-name counterparts but usually cost less.
- **Brand-name formulary**—brand-name drugs selected for the formulary based on cost and effectiveness.
- **Brand-name nonformulary**—brand-name drugs not selected for the formulary.

The program includes utilization management services and generic incentives (see “Pharmacy Management” and “Member Pay the Difference Generic Incentive Program” below) to help ensure cost-effective, clinically appropriate treatment.

1 **Prescription Drug Program Schedule of Benefits**

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
Participating Pharmacy (up to a 30-day supply)	$5 copayment	$20 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.	$35 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
		Effective January 1, 2017: $25 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.	**Effective January 1, 2017:** $40 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
Mail Service Program (Medco By Mail; up to a 90-day supply)	$10 copayment	$40 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.	$70 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
		Effective January 1, 2017: $60 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.	**Effective January 1, 2017:** $100 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
Nonparticipating Pharmacy (or participating pharmacy without identification card; participating pharmacy limits apply)	$5 copayment	$20 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand name drug and generic drug.	$35 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
		Effective January 1, 2017: $25 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.	**Effective January 1, 2017:** $40 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.
***If you choose a brand-name drug when a generic equivalent is available, you will pay more than the copayments shown in this table. For details, see "Member Pay the Difference Generic Incentive Program" below.			

Retail Pharmacy Card Program

This program covers medically necessary prescription drugs required by Federal or state law to be prescribed in writing by a physician or dentist and dispensed by a licensed pharmacist. Covered prescriptions include legend drugs, contraceptive medications, tobacco cessation drugs, self-administered injectable drugs, insulin, needles and syringes, test strips, lancets, and alcohol swabs.

Prior authorization may be required for certain medications.

The retail pharmacy card program covers up to a 30-day supply.

Mail Service Program

The Medco By Mail program covers medically necessary prescription drugs and medicines required by Federal or state law to be prescribed in writing by a physician or dentist and dispensed by a licensed pharmacist. Covered prescriptions include legend drugs, contraceptive medications, tobacco cessation drugs, self-administered injectable drugs, insulin, needles and syringes, test strips, lancets, and alcohol swabs.

Prior authorization may be required for certain medications.

Medco By Mail covers up to a 90-day supply per prescription or refill. Authorized refills are covered only after the initial order has been used. Certain controlled substances are subject to quantity limits.

Unless the physician indicates otherwise, you will receive a generic equivalent of the prescribed drug when available and permissible under the law. You also may receive a different brand that is medically equivalent.

Pharmacy Management

Specific drugs are reviewed by the prescription drug program service representative at the point of sale to determine if your prescription is covered by the plan, clinically appropriate, and consistent with usage guidelines.

Member Pay the Difference Generic Incentive Program

To encourage the use of generic drugs, if a brand-name drug is purchased when an equivalent generic is available (for both retail pharmacy and mail service)—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference between the brand-name drug and generic drug.

If for any reason your physician believes that you must use a brand-name drug, he or she can ask for a coverage review by calling the service representative. The service representative will request information from your physician and review it to determine if your need for the brand-name drug meets the conditions to qualify for coverage. If coverage is approved,

you will be charged the brand copayment for the brand-name drug. If coverage is not approved, coverage will be provided according to the member pay the difference generic incentive program.

Review Process for Brand-name Drugs

Brand name drugs are covered at no additional cost to you when your physician provides information to the service representative (Express Scripts at 1-800-841-2797) showing that you:

- Experienced an adverse reaction, allergy, or sensitivity to a generic equivalent
- Experienced therapeutic failure with a generic equivalent
- May be destabilized by changing to a generic equivalent, or
- Would be at unnecessary risk by changing to a generic equivalent

Prescription Drug Program Exclusions

The following items are excluded under both the retail pharmacy card program and the mail service program:

- Any prescription filled in excess of the number prescribed by the physician or any refill after 1 year from the date of the prescription.
- Any prescription for which the person is eligible to receive benefits under another employer's group benefit plan or a workers' compensation law or from any municipal, state, or Federal program.
- Any service or supply otherwise excluded by the Traditional Medical Plan or vision care program.
- Appliances or devices, such as blood glucose monitors or other nondrug items, including but not limited to therapeutic devices and artificial appliances. This exclusion does not apply to needles or syringes or to test strips, lancets, or alcohol swabs.
- Charges for the administration or injection of any drug.
- Delivery or handling charges.
- Drugs dispensed during an inpatient admission by a hospital, skilled nursing facility, sanatorium, or other facility.
- Experimental drugs or drugs used for investigational purposes.
- Fertility agents, unless approved by the service representative.
- Immunizing agents or allergy serum.
- Infusion therapy drugs, except as described in the home health care benefit.
- Medications to treat sexual dysfunction, unless the patient is being treated for a diagnosed medical condition.

- Obesity drugs, unless approved by the service representative.
- Over-the-counter drugs.
- Prescriptions purchased from a nonnetwork mail service program.
- Prescriptions that are not medically necessary to treat an illness, injury, or other covered condition, except as specifically provided by the program.
- Replacement of lost or misplaced prescriptions.

Coordinated Care Plans Schedule of Benefits

The coordinated care plan benefits will be as described in the following "Coordinated Care Plans Schedule of Benefits."

Coordinated Care Plans Schedule of Benefits **The coordinated care plans are administered by BlueCross BlueShield of Illinois, Kaiser Permanente, and Preferred Health Systems (the service representatives).**		
	Network	**Nonnetwork**
Annual Deductible	None	$450 per individual
Coinsurance	**Effective January 1, 2017:** **90%**	60%
Annual Out-of-Pocket Maximum	None*	$2,250 per individual; $4,500 per family of 2 or more, but not more than $2,250 for any 1 person
	Effective 1/1/2017 (Selections and Group Health Cooperative HMO): $2,000 per individual; $4,500 per family of 3 or more, but not more than $2,000 for any 1 person	
Lifetime Maximum Benefit	None	
Emergency Room (Emergencies)	$75 copayment (copayment waived if you are admitted as an inpatient immediately after emergency room care)	

Coordinated Care Plans Schedule of Benefits The coordinated care plans are administered by BlueCross BlueShield of Illinois, Kaiser Permanente, and Preferred Health Systems (the service representatives).		
	Network	**Nonnetwork**
Office Visit and Urgent Care	$15 copayment per visit	60%
	Effective January 1, 2017: $20 office visit copayment applies to primary care office visit $25 office visit copayment applies to specialist office visit (including chiropractic and physical, occupational and speech therapy visits)	
	Effective January 1, 2020: $30 office visit copayment applies to primary care office visit $40 office visit copayment applies to specialist office visit (including chiropractic and physical, occupational and speech therapy visits)	

Coordinated Care Plans Schedule of Benefits The coordinated care plans are administered by BlueCross BlueShield of Illinois, Kaiser Permanente, and Preferred Health Systems (the service representatives).		
	Network	**Nonnetwork**
Prescription Drugs		
Participating Pharmacy**	$5 copayment generic; $20 copayment brand-name formulary; $35 copayment brand-name nonformulary;* 30-day supply **Effective January 1, 2017:** $5 copayment generic; $25 copayment brand-name formulary; $40 copayment brand-name nonformulary;* 30-day supply **NOTE:** Copayments above on brand-name formulary and nonformulary apply if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the	Not covered

Coordinated Care Plans Schedule of Benefits The coordinated care plans are administered by BlueCross BlueShield of Illinois, Kaiser Permanente, and Preferred Health Systems (the service representatives).		
	Network	**Nonnetwork**
	brand-name drug and generic drug.	
Mail Service Program**	$10 copayment generic; $40 copayment brand-name formulary; $70 copayment brand-name nonformulary;* 90-day supply. **Effective January 1, 2017:** $10 copayment generic; $60 copayment brand-name formulary; $100 copayment brand-name nonformulary;* 90-day supply **NOTE:** Copayments above on brand-name formulary and nonformulary apply if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the	Not covered

Coordinated Care Plans Schedule of Benefits The coordinated care plans are administered by BlueCross BlueShield of Illinois, Kaiser Permanente, and Preferred Health Systems (the service representatives).		
	Network	**Nonnetwork**
	cost difference of the brand-name drug and generic drug.	
Vision		
Eye Exams	$15 copayment for 1 exam every 12 months	Not covered*
Lenses*	Varies by plan	Same as network*
Frames*	**Effective July 1, 2012:** $90 allowance, limited to 2 frames every 2 benefit years	See network provisions
Contact Lenses*	**Effective July 1, 2012:** $120 allowance, 2 pairs every 2 benefit years	See network provisions
*Varies by plan. **You pay the generic copayment plus the cost difference between the brand-name and generic drug (varies by plan). For details, see "Member Pay the Difference Generic Incentive Program" below.		
These are highlights only. Benefits are paid in accordance with the terms of the coordinated care plan documents.		

Member Pay the Difference Generic Incentive Program

To encourage the use of generic drugs, if a brand-name drug is purchased when an equivalent generic is available (for both retail pharmacy and mail service)—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference between the brand-name drug and generic drug.

If for any reason your physician believes that you must use a brand-name drug, he or she can ask for a coverage review by calling the service representative. The service representative will request information from your physician and review it to determine if your need for the brand-name drug meets the conditions to qualify for coverage. If coverage is approved, you will be charged the brand copayment for the brand-name drug. If

coverage is not approved, coverage will be provided according to the member pay the difference generic incentive program.

Review Process for Brand-name Drugs
Brand name drugs are covered at no additional cost to you when your physician provides information to the service representative (Express Scripts at 1-800-841-2797) showing that you:

- Experienced an adverse reaction, allergy, or sensitivity to a generic equivalent
- Experienced therapeutic failure with a generic equivalent
- May be destabilized by changing to a generic equivalent, or
- Would be at unnecessary risk by changing to a generic equivalent

Network Dental Plan

Note: Effective July 1, 2012, the Incentive Dental Plan will be replaced with the Network Dental Plan, as described here.

The Network Dental Plan described in this section is available to active employees and their dependents. This plan also helps you pay for minor and major dental work, including fillings, crowns, dentures, bridges, and orthodontic services.

You and your covered dependents may receive dental care from any licensed dentist or other licensed professional who is approved by the plan. However, your out-of-pocket costs generally will be lower if you use a network dentist.

Network Dental Plan Schedule of Benefits		
What you Pay	**Network Provider**	**Nonnetwork Provider**
Annual Deductible (based on the January 1–December 31 benefit year)	$50 per individual; $150 per family of 3 or more, but not more than $50 for any individual; applies to all covered services and supplies, except as noted below	$75 per individual; $225 per family of 3 or more, but not more than $75 for any individual; applies to all covered services and supplies, except orthodontia
Coinsurance Percentage		

Network Dental Plan Schedule of Benefits		
What you Pay	**Network Provider**	**Nonnetwork Provider**
Class I (diagnostics, preventive care, restorations using filling materials, oral surgery, periodontics, certain endodontics, and pedodontics)	100% of recognized fee (annual deductible does not apply to examinations, X-rays, cleanings, fluoride treatment, or fissure sealants)	80% of recognized fee after deductible is met.
Class II (restorations using crowns, inlays, or onlays)	80% of recognized fee	50% of recognized fee
Class III (prosthodontics)	60% of recognized fee	50% of recognized fee
Class IV (orthodontia)	50% of covered charges (deductible does not apply)	
Annual Maximum Benefit (for Classes I, II and III)*	$2,000 per individual (network and nonnetwork combined) **Effective January 1, 2020:** $2,500 per individual (network and nonnetwork combined) **Effective January 1, 2024:** $3,000 per individual (network and nonnetwork combined)	$2,000 per individual (network and nonnetwork combined) **Effective January 1, 2020:** $2,500 per individual (network and nonnetwork combined) **Effective January 1, 2024:** $3,000 per individual (network and nonnetwork combined)
Lifetime Maximum Benefit (for Class IV)**	$2,000 per individual (network and nonnetwork combined)	$2,000 per individual (network and nonnetwork combined)

* When multiple treatment dates are required, the charges apply toward the annual maximum benefit for the benefit year in which the procedure is completed. (A prosthesis is considered complete on the date it is seated or delivered.) ** This lifetime maximum benefit for orthodontia applies to all periods during which the person is covered under any Company-sponsored dental plan.

You and your dependents are responsible for paying all charges for services and supplies the plan does not cover.

Annual Deductible

Generally, the annual deductible is the amount you must pay out of your own pocket each benefit year before the plan begins to pay benefits. The annual deductible applies to most covered services but not all. The following network diagnostic and preventive care services and supplies are excluded from the annual deductible:

- Cleanings (prophylaxis).
- Examinations.
- Fissure sealants.
- Fluoride treatment.
- X-rays.

Orthodontia (Class IV) also is excluded from the annual deductible.

This means that the plan begins to pay its coinsurance percentage immediately for these basic dental services. The coinsurance percentage you pay for these services does not count toward your annual deductible.

This plan has an individual annual deductible and a family annual deductible. If you and 3 or more of your dependents are covered under the plan, the family annual deductible limits the total annual deductible you are required to pay in any benefit year.

The annual deductibles are shown in the “Network Dental Plan Schedule of Benefits.”

Coinsurance Percentages

For many services and supplies, you and the plan each pay a percentage of the recognized fee. These percentages are called coinsurance percentages.

Generally, except for certain diagnostic and preventive Class I services and supplies, you must first satisfy the entire annual deductible before the plan pays its coinsurance percentage.

A coinsurance percentage does not apply to

- Class I services and supplies received from network providers.
- Any amounts you pay for services that the plan does not cover.
- Any amounts that exceed the maximum allowable fees recognized by the plan.

Coinsurance percentages are shown in the "Network Dental Plan Schedule of Benefits."

Benefit Maximums

For Classes I, II, and III, an annual maximum applies to each covered person. The annual maximum amount is shown in the "Network Dental Plan Schedule of Benefits." You are responsible for paying any charges over the annual maximum benefit.

For Class IV, a lifetime maximum benefit applies to each covered person. The lifetime maximum benefit amount is shown in the "Network Dental Plan Schedule of Benefits."

Recognized Fees

This plan pays benefits based on recognized fees. A recognized fee is the provider's charge for a covered service, up to the plan's maximum allowance. The amount of the recognized fee depends on whether you see a network or nonnetwork provider.

Under this plan, recognized fees are determined as follows:

- For a network dentist, recognized fees are network allowed charges.
- For a nonnetwork dentist who is a contracted member dentist with Washington Dental Service, recognized fees are the fees that the dentist filed with the service representative for specific dental services and supplies.
- For a nonnetwork dentist who is a nonmember, recognized fees are the lesser of either
  - The amount charged by the dentist.
  - The maximum fee that the service representative approved for nonmember dentists in the state where services are performed.

When alternative procedures are available, the plan covers the least expensive procedure. However, if your dentist submits satisfactory evidence to the service representative that a more expensive procedure is the only one professionally adequate for you, the plan covers the more expensive procedure according to the appropriate benefit payment level.

Covered Dental Services and Supplies

The Network Dental Plan covers 4 classes of services and supplies in accordance with the benefit payment levels and maximums shown in the "Network Dental Plan Schedule of Benefits."

Class I Covered Services and Supplies (network covered at 100%)

The plan covers the following Class I services and supplies:

- Routine diagnostic examinations, including
  - Routine examination, twice in each 1-year period.
  - Specialist examinations, up to 3 in a 6-month period.
  - Complete mouth or panographic X-rays, once in each 5-year period.
  - Supplementary bitewing X-rays, once in each 1-year period.
  - Emergency examinations.
  - Comprehensive oral examination, once in a 36-month period, which counts as the routine examination once in a 6-month period.
- Preventive care, including
  - Fissure sealants, through age 14, for permanent molar teeth with intact occlusal surfaces, no decay, and no prior restorations. The repair or replacement of a sealant on any tooth within 36 months is considered part of the original services.
  - Prophylaxis (cleaning), either regular or periodontal, twice in each 1-year period, with 2 additional cleanings allowed in the event periodontal disease is present.
  - Topical application of fluoride twice in each 1-year period, for dependent children through age 18.
- General anesthesia when administered by a licensed dentist in connection with certain covered
  - Oral surgery.
  - Endodontic surgery.
  - Periodontic surgery.
- Restorative services (minor restoration), including the restoration of a visibly decayed hard tooth surface (carious lesion) to a state of proper function by using a filling material such as amalgam, silicate, plastic or glass ionomer, or a stainless steel crown. Restorations on the same surface(s) of the same tooth will be covered once in each 24-month period. Composite, plastic, or glass ionomer restorations on a posterior tooth are covered up to the amount allowed for an amalgam restoration.

- Oral surgery, including
  - Surgical and nonsurgical extractions.
  - Preparation of the alveolar ridge and soft tissues of the mouth to insert dentures.
  - Ridge extension to insert dentures (vestibuloplasty).
  - Treatment of pathological conditions and traumatic facial injuries.
- Endodontics, including the following procedures:
  - Pulpal and root canal therapy.
  - Pulp exposure treatment, pulpotomy, and apicoectomy.
  - Root canal treatment on the same tooth, once in each 2-year period.
  - Retreatment of the same tooth when performed by a different dental office.
- Pedodontics, including space maintainers that are used to maintain space for the eruption of permanent teeth.
- Periodontics (surgical and nonsurgical procedures to treat tissues that support the teeth), including
  - Gingivectomy.
  - Limited adjustments to occlusion (8 or fewer teeth) such as smoothing teeth or reducing cusps.
  - Root planing or subgingival curettage, but not both, once in each 24-month period.

Class II Covered Services and Supplies (network covered at 80%)

The plan covers these Class II services and supplies, which are restorative services (major restoration):

- Restoration of a visibly decayed hard tooth surface (carious lesion) to a state of proper function by using crowns, inlays, or onlays (gold, porcelain, plastic, or gold-substitute castings or a combination) once in each 5-year period for the same tooth when the tooth cannot be restored effectively with a filling material (amalgam, silicate, or plastic). If a tooth can be restored with a filling material such as amalgam, silicate, or plastic but you choose a more expensive procedure, this plan will cover the cost up to the amount for a filling to repair the condition.
- Recementing a crown, inlay, or onlay, once in a 12-month period.
- Use of a crown as an abutment to a partial denture, but only when the tooth is decayed to the extent a crown would be required whether or not a partial denture is required.
- Temporary crown for a fractured tooth.

Class III Covered Services and Supplies (network covered at 60%)

Under the Network Dental Plan, prosthodontics are in Class III. The plan covers these Class III services and supplies:

- A full denture, immediate denture, or overdenture. For any other procedure (such as personalized restorations or specialized treatment), the plan covers up to the appropriate amount for a full denture, immediate denture, or overdenture. Root canal therapy in conjunction with overdentures is limited to 2 teeth per arch.
- A cast chrome or acrylic partial denture. If a more elaborate or precision device is used, the plan will cover up to the appropriate amount for covered partial dentures.
- Denture adjustments and relines that are provided more than 6 months after initial placement. Later relines and jump rebases (but not both) are covered once in each 12-month period.
- Implant and related appliances attached to the implant once in each 5-year period. If you elect an implant and related attached appliances, the plan allows up to the amount the plan would have paid for a full or partial denture, once in a 5-year period.
- Replacement of an existing prosthetic device, once in each 5-year period, if the device is unserviceable and cannot be made serviceable. (Services to correct the device, if serviceable, are covered.)

Class IV Covered Services and Supplies

Under the plan, orthodontic services and supplies are in Class IV. The plan covers straightening of teeth, including correction or prevention of malocclusion.

Pretreatment Estimate

If your dental care will be extensive, you may ask your dentist to submit a request for a pretreatment estimate, called a “predetermination of benefits.” This predetermination will allow you to know in advance what procedures are covered, the amount the service representative will pay toward the treatment, and your financial responsibility.

Network Dental Plan Exclusions

The Network Dental Plan does not cover the following services or supplies.

- Analgesics such as nitrous oxide, intravenous sedation, euphoric drugs, injections, prescription drugs, or application of desensitizing agents.
- Appliances or cleaning of appliances and certain restorations as follows:
  - Appliances or restorations necessary to correct vertical dimension or to alter morphology (shape) or occlusion, overhang removal, or recontouring or polishing a restoration.

- Cleaning of prosthetic appliances.
- Duplicate dentures, temporary dentures, personalized dentures, or crowns and copings provided in connection with overdentures.
- Fixed prosthodontics for children under age 16.
- Habit-breaking appliances.
- Replacement of a space maintainer previously covered by the plan.

- Cosmetic procedures (including laminates and tooth bleaching, whether vital or nonvital), appliances, or restorations primarily for cosmetic purposes.
- Experimental services or supplies (or related complications)—the plan does not cover experimental services or supplies whose use and acceptance as a course of dental treatment for a specific condition still are under investigation or observation. To determine whether services are experimental, the service representative uses American Dental Association guidelines and considers whether the services
  - Are in general use in the local dental community.
  - Are proven to be safe and effective.
  - Are under continued scientific testing and research.
  - Show a demonstrable benefit for a particular dental condition.
- Other dental exclusions as follows:
  - Caries (decay) susceptibility tests.
  - Charges for services or supplies that are received while the patient is not covered under the plan.
  - Consultations or elective second opinions.
  - Crowns used as abutments to a partial denture for purposes of recontouring, repositioning, or to provide additional retention, unless the tooth is decayed to the extent that a crown would be required to restore the tooth in the absence of a partial denture.
  - Crowns used to repair microfractures of tooth structure when the tooth displays no symptoms.
  - Diagnostic services or X-rays related to temporomandibular joints (jaw joints).
  - Fees for broken appointments.
  - Fees for completing insurance forms.
  - Full mouth (major) occlusal adjustment.
  - Gingival curettage.
  - Home fluoride kits.

- Hospitalization charges or any additional dental fees associated with hospitalization.
- Iliac crest or rib grafts to alveolar ridges.
- Injuries or conditions covered under workers' compensation or employers' liability laws.
- Oral hygiene or dietary instruction.
- Orthognathic surgery.
- Patient management problems.
- Periodontal splinting; any crown or bridgework provided with periodontal therapy or periodontal appliances.
- Plaque control programs.
- Porcelain or resin inlay bridges.
- Proposed treatment plan review or case presentation by the attending dentist.
- Restorations on the same surface or surfaces of a tooth within 2 years of the original service.
- Ridge extension to insert dentures (vestibuloplasty).
- Services or supplies covered by any Federal, state, or provincial government agency or provided without cost by any municipality, county, or other political subdivision or community agency. However, if government agency payments are insufficient for covered services or supplies or if benefits are provided by a government agency as an employer to its employees, dental coverage will not be excluded and will be subject to coordination of benefits.
- Services or supplies to the extent that benefits are payable for them under any motor vehicle medical, motor vehicle no-fault, uninsured motorist, underinsured motorist, personal injury protection (PIP), commercial liability, homeowner's policy, or other similar type of coverage.
- Services specifically excluded in this plan description and all other items that are not specifically included in this plan as covered dental benefits.
- Study or diagnostic models.
- Surgical placement or removal of implants or attachments to implants, except as shown in "Class III Covered Services and Supplies."
- Tooth transplants or materials placed in extraction to generate osseous filling.
- Treatment of temporomandibular (jaw) joints.

How Dental Coverage May Be Extended

The plan generally does not cover services or supplies that you receive while you are not covered under the plan. However, the plan will cover certain services and supplies for an additional three months after the date coverage would otherwise end. These services and supplies and the conditions for extending care are described below:

- A crown that is required to restore a tooth (independent of the crown's use in connection with a partial denture) if the tooth is prepared for the crown while you are covered. If the tooth is prepared after your coverage ends, your dentist must have documented the need, such as by requesting a pretreatment estimate, before your coverage ended.
- A prosthetic device (including abutment crowns of a partial denture), if the impressions are taken while you are covered, and the device is installed or delivered within 3 months after your coverage ends. If the impressions are taken after your coverage ends, your dentist must have documented the need, such as by requesting a pretreatment estimate, before your coverage ended.
- Orthodontia care provided within 3 calendar months after your coverage ends.
- Restorative, endodontic, periodontic, and oral surgical procedures completed within 3 months after your coverage ends. If the services start after your coverage ends, your dentist must have documented the need, such as by requesting a pretreatment estimate, before your coverage ended.

Prepaid Dental Plan

The Prepaid Dental Plan benefits will be as follows:

Provider Selection

Participating providers offer complete dental care to you and your dependents. You must select a participating provider when you enroll in the Prepaid Dental Plan. All covered dental services, except orthodontic and out-of-area emergency care, are provided by this selected provider.

If you wish to transfer to another participating provider, you must contact the service representative. An approved transfer is effective the first day of the month following the service representative's receipt of the change request.

Orthodontic care may be obtained from any licensed dentist.

Plan Payment Levels and Maximum Benefits

The plan provides all necessary covered dental services at no cost to employees and eligible dependents except as specified below.

- The plan pays 50% of usual and customary orthodontic charges, to a $2,000 lifetime maximum benefit during all periods the eligible person is covered under the plan.
- The plan pays up to $50 of reasonable charges for out-of-area emergency services and supplies.

Out-of-Area Emergencies

The plan pays an out-of-area emergency benefit for dental services and supplies provided by a licensed dentist other than your selected participating provider.

Out-of-area means the covered person is more than 50 miles from the selected participating provider. The plan pays reasonable charges for these services and supplies, without prior approval, to a maximum of $50. Payment for out-of-area emergencies is made only if all these conditions apply:

- The dental care is provided by a dentist outside the plan's service area.
- The service or supply is covered under the plan.
- The dental care is required for an acute condition and is provided solely for the immediate relief of that condition.
- The patient could not have been reasonably expected to go to the selected participating provider for the care.

Coordination of Benefits

If you or your dependent has medical, dental, or other health coverage in addition to being covered under these medical and dental plans, the following rules govern coordination of benefits with the other coverage. Other coverage includes, whether insured or uninsured, another employer's group benefit plan, other arrangement of individuals in a group, Medicare (to the extent allowed by law), individual insurance or health coverage, and insurance that pays without consideration of fault.

The service representative has the right to obtain and release any information or recover any payment it considers necessary to administer these provisions.

Order of Payment

The primary plan pays its benefits first and pays its benefits without regard to benefits that may be payable under other plans. When another plan is the primary plan for health care coverage, the secondary plan pays the difference between the benefits paid by the primary plan and what would have been paid had the secondary plan been primary.

- A plan is considered primary if

- It has no order of benefit determination rules.
- It has benefit determination rules that differ from coordination of benefit rules under state regulations or, if not insured, that differ from these rules.
- All plans that cover an individual use the same coordination of benefit rules, and under those rules, the plan is primary.

- If the aforementioned rules do not determine which group plan is considered primary, this plan applies the following coordination of benefit rules:
  - A plan that covers a person as an employee, retiree, member, or subscriber pays before a plan that covers the person as a dependent.
  - A plan that covers a person as an active employee or dependent of an active employee is primary. The plan that covers a person as a retired, laid-off, or other inactive employee or as a dependent of a retired, laid-off, or other inactive employee is secondary.
  - If a dependent child is covered under both parents' group plans, the child's primary coverage is provided through the plan of the parent whose birthday comes first in the calendar year, with secondary coverage provided through the plan of the parent whose birthday comes later in the calendar year.
  - If a dependent child's parents are divorced or separated and a court decree establishes financial responsibility for the health care coverage of the child, the plan of the parent with such financial responsibility is the primary plan of coverage. If the divorce decree is silent on the issue of coverage, the following guidelines are used:
    - The plan of the parent with custody pays benefits first.
    - The plan of the spouse of the parent with custody pays second.
    - The plan of the parent without custody pays third.
    - The plan of the spouse of the parent without custody pays fourth.
  - If none of the aforementioned rules establishes which group plan should pay first, then the plan that has covered the person for the longest period is considered the primary plan of coverage.
  - Continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended, always is secondary to other coverage, except as required by law.
  - If an employee or dependent is confined to a hospital when first becoming covered under this plan, this plan is secondary to any plan already covering the employee or dependent for the eligible expenses related to that hospital admission. If the employee or dependent does

not have other coverage for hospital and related expenses, this plan is primary.

Benefits under a Company-sponsored medical or dental plan are not coordinated with benefits paid under any other group plan offered by the Company. You can receive benefits from only 1 Company-sponsored medical or dental plan. However, when dental services performed by a licensed dentist also are covered under the medical plan, the dental plan pays its benefits first and the medical plan is secondary.

Federal rules govern coordination of benefits with Medicare. In most cases, Medicare is secondary to a plan that covers a person as an active employee or dependent of an active employee. Medicare is primary in most other circumstances.

Traditional Medical Plan

The primary plan pays benefits without regard to any other plan. When the Company-sponsored plan is secondary, it adjusts benefits so that the total payable under both plans for expenses covered under the Company-sponsored plan is not more than would be payable under the Company-sponsored plan. Neither plan pays more than it would without coordination of benefits.

Plan means any plan providing medical, dental, vision care, hearing aid benefits, or treatment under individual insurance, group insurance, or any other coverage for individuals in a group, whether on an insured or uninsured basis.

Treatment of end-stage renal disease is covered by the Company-sponsored plan for the first 30 months following Medicare entitlement due to end-stage renal disease, and Medicare provides secondary coverage. After this 30-month period, Medicare provides primary coverage and the Company-sponsored plan provides secondary coverage.

Network Dental Plan

Benefits payable under the Company-sponsored dental plan take into account any coverage (including orthodontic coverage) you or your eligible dependents have under other plans.

Plan means any plan providing medical, dental, vision care, hearing aid benefits, or treatment under group insurance or any other coverage for individuals in a group, whether on an insured or uninsured basis. However, plan excludes any medical plan sponsored by the Company. This means the dental plan pays first when dental expenses performed by a dentist also are covered by any medical plan sponsored by the Company.

The dental plan pays regular benefits in full or a reduced amount which, when added to benefits payable by another plan, equals 100% of allowable expenses.

When an Injury or Illness Is Caused by the Negligence of Another

In some situations, you or a covered dependent may be eligible to receive, as a result of an accident or illness, health care benefits from an automobile insurance policy, homeowner's insurance policy or other type of insurance policy, or from a responsible third party. In these cases, this plan will pay benefits if the covered person agrees to cooperate with the service representative in administering the plan's recovery rights.

If a person covered by this plan is injured by another party who is legally liable for the medical or dental bills, he or she may request this plan to pay its regular benefit on his or her behalf. In exchange, the covered person agrees to:

- Notify the plan within 30 days of giving notice to any party, including an insurance company or attorney, of the covered person's intention to pursue a claim.
- Complete a claim and submit all bills related to the injury or illness to the responsible party or any insurer.
- Complete and submit all of the necessary information requested by the service representative.
- Reimburse the plan from any payment he or she receives from the responsible party or any other source.
- Allow the plan to be subrogated to all rights of recovery a covered person has against the responsible party or any other source and to cooperate with the service representative's efforts to recover from the responsible party or any other source any amounts this plan pays in benefits related to the injury or illness, including any lawsuit brought against the responsible party or insurer.
- Grant the plan a lien in the amount of benefits paid which can be enforced against any source of funds available to compensate the covered person for injury or illness caused by another party.

This provision applies whenever you or a covered dependent is entitled to or receives benefits under this plan and is also entitled to or receives compensation or any other funds from another party in connection with that same medical condition, whether by insurance, litigation, settlement, or otherwise. The plan is entitled to such funds to the extent of plan benefits paid to or on behalf of the individual as a first-priority right, whether or not the individual has been "made whole," and without regard to any common

fund doctrine. The plan is entitled to such funds regardless of whether the plan's benefits are identified as being included in the funds and regardless of whether liability for payment of the funds is admitted by the responsible party or any other source of the funds. This plan may recover such funds by constructive trust, equitable lien, right of subrogation, reimbursement, or any other remedy allowed under applicable law.

The covered person shall do nothing to prejudice the plan's subrogation or recovery interest, including, but not limited to, refraining from making any settlement or recovery that attempts to reduce or exclude the full cost of all benefits provided by the plan. If an individual fails, refuses, or neglects to reimburse the plan or otherwise comply with the requirements of this provision, or if payments are made under the plan based on fraudulent information or otherwise in excess of the amount necessary to satisfy the provisions of the plan, then, in addition to all other remedies and rights of recovery that the plan may have, the plan has the right to terminate or suspend benefit payments and/or recover the reimbursement due to the plan by withholding, offsetting, and recovering such amount out of any future plan benefits or amounts otherwise due from the plan to or with respect to such individual. The plan also has the right in any proceeding at law or equity to assert a constructive trust, equitable lien, or any other remedy or recovery allowed under applicable law, against any and all persons or entities who have assets that the plan can claim rights to. The plan has a first-priority right of recovery from any judgment, settlement or other payment, regardless of whether the individual has been "made whole," and without regard to any common fund doctrine.

In the event that any claim is made that any part of this subrogation and recovery provision is ambiguous or questions arise concerning the meaning or intent of any of its terms, the plan or service representative shall have the sole authority and discretion to resolve all disputes regarding the interpretation of this provision.

Termination of Coverage

Life Insurance Coverage

Life insurance coverage stops on the date your active employment terminates.

Within 31 days after you terminate employment, by making application and paying the first premium to the plan's insurer, you may convert life insurance coverage to an individual life insurance policy on any regular whole life insurance plan. This individual policy will be issued, without medical examination, at the insurer's regular rates. The amount of life insurance converted cannot exceed the amount in force on the date insurance terminates.

If, after an individual conversion policy is issued, benefits under the Life Insurance Plan are payable due to permanent and total disability, the individual policy must be surrendered without claim other than the return of paid premiums.

If your death occurs within 31 days after your coverage ends, a life insurance benefit is payable equal to the amount you could have converted to an individual policy.

Accidental Death and Dismemberment and Survivor Income Coverage

Accidental death and dismemberment and survivor income coverage stops on the date your active employment terminates.

Short-Term Disability Coverage

Short-term disability coverage stops at the end of the calendar month your active employment terminates.

Medical Coverage

Medical coverage for you and your dependents stops at the end of the calendar month your active employment terminates or the end of the last month required contributions are paid, whichever occurs first. If earlier, your dependent's coverage stops at the end of the month in which he or she no longer qualifies as a dependent.

However, coverage may be continued under certain circumstances as specified below. Any required contributions must be paid during these periods for coverage to continue.

If you are terminating employment, the service representative will make available an individual program of medical benefits similar to those then being issued for group conversion. The benefits provided under the individual plan will not exactly duplicate the benefits provided under this group medical plan. This conversion privilege is also available to your covered dependents who cease to qualify under the group policy and to surviving covered dependents if you die. No evidence of insurability is required.

Dental Coverage

Dental coverage for you and your dependents stops at the end of the calendar month your active employment terminates. If earlier, your dependent's coverage stops at the end of the calendar month in which he or she no longer qualifies as a dependent.

However, coverage may be continued under certain circumstances as specified below. Any required contributions must be paid during these periods for coverage to continue.

Retirement

If you are eligible for, and enroll in, the Retiree Medical Plan, medical coverage for you and your dependents ends at the end of the month following the month in which your active employment ends.

Change in Eligible Class of Employment

When you remain employed by the Company but no longer in the class eligible for coverage under this Package, coverage for you and your dependents stops at the end of the month in which your transfer is effective. If you become totally disabled before coverage ends under the Package, the life insurance, accidental death and dismemberment, short-term disability, and survivor income benefits of the Package, which would have continued if you had stayed in the eligible class, will continue according to the terms governing benefits during leaves of absence instead of all other Company life insurance, accidental death and dismemberment, and disability benefits.

Continuation of Medical and Dental Coverage (COBRA)

If medical and dental coverage for you and your dependents (including a same-gender domestic partner and his or her children) otherwise would terminate due to one of the following reasons, these benefits may continue for specified periods under Public Law 99-272, Title X, as amended, if the individual makes a timely request to the Company and pays the required contribution.

- Reduction in hours or termination of employment for any reason.
- Your death.
- Your divorce or dissolution of a same-gender domestic partner relationship.
- A dependent child ceasing to be a dependent as defined under this Package. (A child eligible to be continued under the Package's incapacitated child provision will still be considered to have dependent status.)
- Your dependent's loss of eligibility because you became eligible for Medicare.

If you are laid off, the Company will contribute to the cost of COBRA medical coverage for you and your dependents. Company contributions will continue at the same rate as for active employees until you are covered by any other group medical plan either as an active employee or as a dependent, but in no event beyond the expiration of the COBRA period or 6 months after the date of layoff, whichever occurs first.

If you die (other than from an industrial accident), the Company will contribute to the cost of your dependents' COBRA medical and dental coverage for up to 12 months. Your dependents' contributions for the first

12 months of COBRA medical and dental coverage will be the same as for dependents of active employees.

If you die from an industrial accident, the Company will contribute to the cost of your dependents' COBRA medical and dental coverage for up to 36 months. Your dependents' contributions for COBRA medical and dental coverage will be the same as for dependents of active employees.

Leaves of Absence

When you are absent with leave, coverage may continue as follows; any required contributions must be paid during these periods for coverage to continue.

Approved Medical Leaves of Absence

If you are eligible for coverage and begin an approved medical leave of absence due to a total disability, you are eligible for the Package the same as an active employee until the last day of the calendar month in which your leave began. (Your eligible dependents also are eligible for medical and dental benefits.)

If you are totally disabled and remain on an approved medical leave of absence that extends beyond this period, your life insurance, accidental death and dismemberment, short-term disability, survivor income, medical, and dental benefits (and dependent medical and dental benefits) continue up to 6 full consecutive calendar months during the approved medical leave with Company contributions.

If the approved medical leave extends beyond this 6-month period due to continuous total disability, your medical coverage continues for up to an additional 24 months with Company contributions. Medical coverage ends earlier if you become eligible for Medicare or are no longer considered totally disabled. You also may continue the life insurance, accidental death and dismemberment, survivor income, and dental benefits (and medical and dental benefits for eligible dependents) during this time by paying 100% of the cost of coverage on or before the tenth day of the month in which they are due.

If you or your covered dependent is considered disabled by Social Security during the seventh or eighth month of the absence, you may continue medical and dental coverage for yourself and eligible dependents for up to 5 additional months by paying 150% of the cost of coverage.

Medical and dental coverage continued after the sixth calendar month of medical leave is considered COBRA continuation coverage.

Other Approved Leaves of Absence

If you are eligible for coverage and begin an approved leave of absence, you are eligible for the Package the same as an active employee until the last day of the calendar month in which your leave began. (Your eligible dependents also are eligible for medical and dental benefits.)

If the approved leave extends beyond this time, your life insurance, accidental death and dismemberment, short-term disability, survivor income, medical, and dental benefits (and dependent medical and dental benefits) continue for up to 3 full consecutive calendar months with Company contributions.

After this 3-month period, you may continue medical and dental coverage for up to an additional 21 months by self-paying 100% of the cost of coverage; this is considered COBRA continuation coverage. You also may continue life insurance coverage for the duration of the approved leave of absence by self-paying 100% of the cost of coverage.

Family and Medical Leave Act of 1993

If the required coverage for family and medical leaves of absence under the Family and Medical Leave Act of 1993 is more generous than that already described in this section, the Company provides any required additional coverage under its group health plans.

Uniformed Services Leave of Absence

If you take a leave of absence for service in the U.S. uniformed services (including the military, National Guard, and the Commissioned Corps of the Public Health Service), you are covered under the Package until the end of the month in which your leave began. If you remain on an approved leave of absence, coverage under the Package continues until the end of the third full calendar month of the leave as if you were an active employee on an approved nonmedical leave of absence.

If uniformed service extends beyond 3 months, you will be enrolled for COBRA coverage automatically as of the beginning of the fourth full calendar month of your leave. You may continue COBRA coverage for an additional 21 months while your uniformed services leave continues, in accordance with your rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

During a temporary period after September 11, 2001, military leave of absence can be extended for a total of 60 months, based on military orders. Your life insurance, medical, and dental coverage continue during this period. The cost of coverage during this 60-month period is the same as for active employees.

Your COBRA continuation period runs concurrently with coverage during USERRA leave.

If you return to active employment promptly after uniformed service, according to USERRA, the Package is reinstated on the date you return to the active payroll.

Changes in Leave Types

If your type of leave changes from a medical leave of absence to a nonmedical leave of absence (or vice versa), your periods of leave will be considered separate leaves of absence. However, if the type of your nonmedical leave of absence changes (for example, from family leave to personal leave), your maximum period of coverage in your new leave category will be reduced by the number of days or months for which you already received an extension of your active coverage.

Successive Periods of Leaves of Absence

Successive periods of leave are described below:

- 2 medical leaves of absence separated by less than 30 days of continuous work are considered 1 leave of absence unless the second leave is due to entirely unrelated conditions.
- 2 medical leaves of absence separated by 30 or more days of continuous work are considered new and separate medical leaves of absence.

ATTACHMENT B

Retiree Medical Plan

ATTACHMENT B
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Eligibility

You are eligible for the Retiree Medical Plan if you retire from the service of the Company under the Company-sponsored retirement plan (The Boeing Company Retirement Plan, or "BCERP") as follows (See below for employees hired or rehired on or after January 3, 2014, who are not participants in the BCERP):

- You are an active employee and meet the following requirements:
  - You are age 55 or older with 10 or more years of vesting service under a Company-sponsored retirement plan.
  - You are disabled, become eligible for disability benefits under the Company-sponsored retirement plan, and are at least age 50 with 10 or more years of vesting service at retirement.
  - You are on an approved leave of absence, you are age 55 or older with 10 or more years of vesting service at retirement, and you retire under the Company-sponsored retirement plan within 2 years following the start of your approved leave of absence.
  - You are on layoff, you are at least age 55 with 10 or more years of vesting service at retirement, and you retire under the Company-sponsored retirement plan within 6 years following your layoff.

If you are hired or rehired on or after January 3, 2014, and are not a participant in The Boeing Company Employee Retirement Plan (BCERP), the eligibility requirements described above will be applied in a manner that retains retiree medical eligibility under comparable circumstances for those employees not participating in the BCERP. Specifically, the eligibility provisions will be modified as follows:

- "At retirement" or "retire under the Company-sponsored retirement plan" will mean "at termination of employment" or "terminate employment",
- "10 or more years of vesting service under the Company-sponsored retirement plan" will mean the employee would have had 10 or more years of vesting service under the BCERP had he or she been a participant in the BCERP (with vesting service to be determined in the same manner as under the BCERP), and
- "Disabled or become eligible for disability benefits under the Company-sponsored retirement plan" will mean that the employee would have become eligible for disability benefits under the BCERP had he or she been a participant in the BCERP.

You are no longer eligible for coverage under the Retiree Medical Plan after attaining age 65 or becoming eligible for Medicare.

Eligible Dependents of Retired Employees

Dependents eligible for the Retiree Medical Plan are your legal spouse (as recognized under both applicable state law and the Internal Revenue Code) and children (natural children, adopted children, children legally placed with you for adoption, and stepchildren) who are under age 26, unmarried, and dependent on you for principal support.

You may request coverage for the following dependents:

- An opposite-gender common-law spouse if the relationship meets the common-law requirements for the state where you entered into the common-law relationship.
- Other children, as follows, who are under age 26, unmarried, and dependent on you for principal support:
  - Children who are related to you either directly or through marriage (e.g., grandchildren, nieces, nephews).
  - Children for whom you have legal custody or guardianship (or for whom you have a pending application for legal custody or guardianship) and are living with you.

Proof of dependent eligibility will be required. Some states have laws requiring insured health plans to offer coverage for certain registered domestic partners.

In accordance with Federal law, the Company also provides medical coverage to certain dependent children (called alternate recipients) if the Company is directed to do so by a qualified medical child support order (QMCSO) issued by a court or state agency of competent jurisdiction.

Documentation is required to request coverage for dependents, including a child named in a QMCSO, a child for whom you have been given legal custody or guardianship, or a spouse. You must provide the Boeing Service Center with any required supporting documentation by the date specified by the Boeing Service Center or your request will be denied.

Special Provisions

- Your dependents.

  If you or any of your dependents is covered or becomes covered (or eligible for benefits by reason of having been covered) under another Company-sponsored plan providing medical benefits, that person is not eligible for the Retiree Medical Plan. If you and your spouse are both employed by or retired from Boeing, you each must be covered by your own Boeing-sponsored medical coverage. However, if your spouse is a part-time Boeing employee or on an approved leave of absence or layoff, your spouse and eligible children are considered eligible dependents if other Boeing coverage is waived. If your spouse and eligible children are

covered under your spouse's Boeing-sponsored plan, they will be considered eligible for the Retiree Medical Plan at the time they no longer are eligible for coverage under your spouse's plan.

No person may be covered both as a retired employee and as a dependent and no person will be considered as a dependent of more than 1 retired or active employee.

- Your death.

  Upon your death, your spouse and any other covered dependents remain eligible for coverage under the Retiree Medical Plan until the earliest of these dates:

  - Your spouse or other dependent attains 65 years of age.
  - Your spouse or other dependent becomes eligible for Medicare.
  - Your spouse's death.
  - The end of the last month that contributions are paid.

  Surviving covered dependents under age 65 may continue their coverage as described above, or as described in the Termination of Retiree Medical Coverage section, or convert their medical coverage as described in that section.

Disabled Children

A disabled child age 26 or older continues to be eligible if a physician provides proof that he or she is incapable of self-support due to any mental or physical condition that began before age 26. You may be required to confirm the disability from time to time. The child must be unmarried and dependent on you for principal support. Coverage continues under the Retiree Medical Plan for the duration of the incapacity as long as you continue to be enrolled in the plan and the child continues to meet these eligibility requirements.

Special applications for coverage are required for disabled dependent children age 26 or older.

Retiree Medical Plan Enrollment

Initial Enrollment

You and your eligible dependents automatically will be enrolled at the time you become eligible, provided you pay any required contributions. You and your dependents will be enrolled in the same plan as immediately before retirement, if available.

You may elect to change medical plans by calling the Boeing Service Center within 31 days of the date you retire. The Company will supply enrollment instructions at the time of your retirement.

All family members, including you, must be enrolled in the same medical plan.

Spouse Coverage

Each retired employee enrolling a spouse must provide information regarding coverage available through another employer to determine whether special contributions are required to enroll the spouse. If you do not authorize a required contribution, your spouse will not be enrolled for medical coverage. You will not be able to enroll your spouse until the date your spouse loses the option to be covered under the other employer-sponsored medical plan.

The Company will require periodic verification of data.

Special Enrollment Events

If you declined coverage in the Retiree Medical Plan for yourself and/or your eligible dependents when you were first eligible because you or your dependents had other employer-sponsored medical coverage, you may enroll yourself and/or your eligible dependents if you or your dependent experiences one of these special enrollment events:

- You or your dependent loses or becomes ineligible for other employer-sponsored medical coverage because of an event such as loss of dependent status under another employer's plan (through divorce, legal separation, or dependent child reaching the limiting age), death, termination of employment, reduction in hours of employment, termination of employer contributions toward the coverage, elimination of coverage for the class of similarly situated employees or dependents, moving out of the plan's service area with no other coverage available from the other employer, or reaching the lifetime limit on all benefits under the other employer's plan.
- You or your dependent becomes ineligible for Medicaid or a state Children's Health Insurance Program and loses coverage; you or your dependent becomes eligible for premium assistance under Medicaid or a state's child health care plan.
- You or your dependent exhausts any continuation coverage from another employer; that is, coverage provided under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), ends.
- You gain a new dependent because of marriage, birth, adoption, or placement for adoption.

If you experience a special enrollment event, you can enroll yourself and/or your eligible dependents in a Retiree Medical Plan as described above. You can enroll in any family status tier and any health plan option available to you.

Special enrollment is not available if you lose coverage because of failure to make timely premium payments or termination from the plan for cause (such as for making a fraudulent claim).

Deferred Enrollment

If you decline enrollment in the Retiree Medical Plan because of other employer-sponsored health care coverage (such as through your spouse's employer), you may be able to enroll yourself and your eligible dependents in the Company-sponsored Retiree Medical Plan at a later date as long as enrollment is within 60 days after other coverage ends.

If you decline dependent enrollment when first eligible and your dependent's other health care coverage was through continuation coverage from a previous employer (coverage mandated by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended), your dependent must exhaust his or her COBRA coverage to be eligible for deferred enrollment.

If you are *not* enrolled in the Company-sponsored Retiree Medical Plan and have a new dependent as a result of an event such as marriage, birth, adoption, or placement for adoption, you may enroll yourself, your spouse, and any dependent children during the year as long as enrollment is requested within 60 days after the event by contacting the Boeing Service Center.

If you *are* enrolled in the Retiree Medical Plan and have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may enroll your new dependent during the year as long as enrollment is requested within 120 days after the qualified event. See "Changes in Status" below for more information.

If you *are* enrolled in the Retiree Medical Plan and have not enrolled your eligible dependents because of other employer-sponsored health care coverage, you may be able to enroll your eligible dependents in the Company-sponsored Retiree Medical Plan at a later date as long as enrollment is within 60 days after other coverage ends. The coverage loss must be due to loss of eligibility for the health care coverage (including from divorce, legal separation, death, termination of employment, or reduction in hours of employment), termination of employer contributions toward such coverage, or reaching the other plan's lifetime maximum benefit.

Transfer Between Plans

Transfer between plans is permitted only during authorized annual enrollment periods or following a change of residence.

- Annual enrollment period.

  The Company establishes an annual enrollment period on or before January 1 each year when you may change medical plans.

- Change of residence.

  If you move out of a coordinated care plan or HMO service area, you have 60 days to select a medical plan available in the new location by calling the Boeing Service Center. It is your responsibility to notify the Company of the change in residence within the 60-day period.

Status Changes

If you already are enrolled for this retiree medical coverage, you may be able to change coverage or add an eligible dependent if you experience one of the status changes described below. Any change to your coverage must be consistent with the status change that affects your or your dependent's eligibility for Company-sponsored health care coverage or health care coverage sponsored by your eligible dependent's employer.

Status changes include the following:

- You marry, divorce, or become legally separated, or the marriage is annulled.
- You acquire a new, eligible dependent child, such as by birth, adoption, or placement for adoption.
- Your spouse or dependent child dies.
- You or your spouse or dependent child starts or stops working.
- Your spouse or dependent child has any other change in employment status that affects eligibility for coverage such as changing from full time to part time (or part time to full time), salaried to hourly (or hourly to salaried), strike or lockout, a transfer between a nonunion salaried position and a union-represented position, or beginning or returning from an unpaid leave of absence, including an approved leave of absence in accordance with the Family and Medical Leave Act.
- You or your spouse or dependent child experiences a significant increase in the cost of employer-sponsored health care coverage or the employer-sponsored health care coverage ends, including expiration of COBRA coverage.
- The Company adds a new benefit option or significantly improves an existing benefit option.

- You or your spouse or dependent child experiences a significant curtailment or cessation of employer-sponsored medical coverage.
- You or your spouse or dependent child becomes eligible or ineligible for Medicare or Medicaid; you or your dependent becomes ineligible for Medicaid or a state Children's Health Insurance Program and loses coverage.
- You or your dependent becomes eligible for premium assistance under Medicaid or a state's child health care plan.
- Your dependent child becomes eligible for, or no longer is eligible for, health care coverage due to age limits, principal support status, marriage, or a similar eligibility requirement.
- You or your spouse or dependent child makes an enrollment change in his or her employer-sponsored health care coverage, either because of a qualified change in status or an annual enrollment.
- You or your spouse or dependent child changes place of residence or work, affecting access to care within the current plan or access to network providers.
- You are transferred to a different division, affecting eligibility for benefits under Company-sponsored health care plans.
- You or your spouse or dependent child loses coverage under a group health plan sponsored by a governmental or educational institution.

You also may change an election to comply with a qualified medical child support order (QMCSO) to provide or cancel coverage for a dependent child resulting from a divorce, legal separation, annulment, or change in legal custody.

If you are eligible to add new dependents, you must request the dependent enrollment change within 60 days after the qualified event. You can enroll a new dependent within 120 days following your marriage or your dependent child's birth, adoption, or placement for adoption. Enrollment may be requested by calling the Boeing Service Center. To request enrollment for a new dependent more than 60 days but within 120 days after marriage, birth, adoption, or placement for adoption, you must call the Boeing Service Center and speak with a customer service representative. You must provide the Boeing Service Center with any required supporting documentation by the date specified by the Boeing Service Center or your request will be denied.

Effective Date of Retiree Medical Coverage

Retired Employees

If you are a newly retired employee, the plan becomes effective on the first day of the second month following the month in which your active employment ends, provided you pay any required contributions.

If you are eligible for retiree medical coverage at the time active employment with the Company ends, you may defer enrollment in the Retiree Medical Plan until the date your benefits begin under the Company-sponsored retirement plan. If you are hired on or after January 3, 2014, are not a participant in The Boeing Company Employee Retirement Plan (BCERP), and are eligible for retiree medical coverage at the time active employment with the Company ends, you may defer enrollment in the Retiree Medical Plan until any time before becoming eligible for Medicare or attaining age 65 as long as you have other employer sponsored medical coverage (such as through your spouse, as an active employee, or COBRA coverage).

You are not eligible for retiree medical coverage after becoming eligible for Medicare or attaining age 65.

Dependents

Current eligible dependents are covered for retiree medical benefits on the same date your coverage is effective, provided proper application is made and you pay any required contributions. Eligible dependents acquired after your coverage is effective become covered on the date of marriage, date of birth, or date the child is legally placed with you for adoption, if application is made within 120 days of the event and you pay any required contributions. For other newly eligible dependents, coverage is effective on the date dependency is established, if application is made within 60 days and you pay any required contributions.

Medical Plans

The Company-sponsored medical plan is the Traditional Medical Plan. Where appropriate, Health Maintenance Organizations (HMOs) and Coordinated Care Plans (CCPs) will be offered to retirees and their dependents in addition to the Traditional Medical Plan. See your Summary Plan Description or Certificate of Coverage for a description of medical plan benefits.

Summary of Traditional Medical Plan Benefits

This summary applies to the Traditional Medical Plan.

This section shows general plan features; the Traditional Medical Plan Schedule of Benefits section in Attachment A shows benefit amounts and other plan information.

Benefit and plan payment provisions are based on a benefit year, January 1 through December 31.

Covered medical expenses for the Traditional Medical Plan are described in the Summary of Traditional Medical Plan Benefits section of Attachment A. Highlights of specific benefit amounts are described in the Traditional Medical Plan Schedule of Benefits in Attachment A.

Vision care program benefits do not apply to the Traditional Medical Plan.

Prescription drug benefits are as shown below.

Prescription Drug Program

The prescription drug program described in this section is available to retired employees and dependents enrolled in the Traditional Medical Plan. This program offers 2 coverage options for prescription drugs and medicines:

- Retail pharmacy card program—you can use the pharmacy card to obtain covered prescriptions from a participating retail pharmacy.
- Mail service program—called Medco By Mail.

A formulary applies to all retail pharmacy and mail order purchases. (A formulary is a list of drugs determined to be effective in both cost and treatment and approved by the Food and Drug Administration (FDA). A nonformulary drug also may be effective for treatment, but is not as cost-effective as formulary or generic drugs. A group of practicing physicians and pharmacists routinely reviews drugs to include in the formulary. If clinical data show several drugs are equally effective, the most cost-effective drug usually is chosen. The formulary may change from time to time.)

There are 3 categories of prescription drug purchases:

- **Generic**—drugs that are chemically and therapeutically equivalent to their brand-name counterparts but usually cost less.
- **Brand-name formulary**—brand-name drugs selected for the formulary based on cost and effectiveness.
- **Brand-name nonformulary**—brand-name drugs not selected for the formulary.

The program includes utilization management services and generic incentives (see “Pharmacy Management” and “Member Pay the Difference Generic Incentive Program” on page 291) to help ensure cost-effective, clinically appropriate treatment.

1 **Prescription Drug Program Schedule of Benefits**

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
Retail Pharmacy (up to a 30-day supply)	90%	80% if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic coinsurance plus the cost difference of the brand-name drug and generic drug.	70% if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic coinsurance plus the cost difference of the brand-name drug and generic drug.
Mail Service Program (Medco By Mail; up to a 90-day supply)	$10 copayment	$40 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent	$70 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
		generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug. **Effective January 1, 2017:** $60 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus	physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug. **Effective January 1, 2017:** $100 copayment if no generic is available OR if you are approved through the review process. Otherwise, if a brand-name drug is purchased when an equivalent generic is available—whether you or your physician requests the brand-name drug—you will pay the generic copayment plus the cost difference of the brand-name drug and generic drug.

Prescription Drug Program Schedule of Benefits The prescription drug program is administered by Express Scripts (the service representative).			
	Generic	**Brand-Name Formulary***	**Brand-Name Nonformulary***
		the cost difference of the brand-name drug and generic drug.	

Under the Retiree Medical Plan, a $75 annual deductible applies to each individual for prescription drugs purchased under the retail pharmacy card program. For families of 3 or more, the annual deductible maximum is $225. This deductible is separate from the Traditional Medical Plan annual deductible described in the Schedule of Benefits.

A covered person's out-of-pocket expense is limited to $75 for each prescription or refill after the deductible is satisfied.

Usual and customary charges are the charges the service representative allows for participating pharmacies.

*If you choose a brand-name drug when a generic equivalent is available, you will pay more than the coinsurance and copayments shown in this table. For details, see "Member Pay the Difference Generic Incentive Program" below.

Retail Pharmacy Card Program

This program covers medically necessary prescription drugs required by Federal or state law to be prescribed in writing by a physician or dentist and dispensed by a licensed pharmacist. Covered prescriptions include legend drugs, contraceptive medications, tobacco cessation drugs, self-administered injectable drugs, insulin, needles and syringes, test strips, lancets, and alcohol swabs.

Prior authorization may be required for certain medications.

The retail pharmacy card program covers up to a 30-day supply.

Mail Service Program

The Medco By Mail program covers medically necessary prescription drugs and medicines required by Federal or state law to be prescribed in writing by a physician or dentist and dispensed by a licensed pharmacist. Covered prescriptions include legend drugs, contraceptive medications, tobacco

cessation drugs, self-administered injectable drugs, insulin, needles and syringes, test strips, lancets, and alcohol swabs.

Prior authorization may be required for certain medications. Medco By Mail covers up to a 90-day supply per prescription or refill. Authorized refills are covered only after the initial order has been used. Certain controlled substances are subject to quantity limits.

Unless the physician indicates otherwise, you will receive a generic equivalent of the prescribed drug when available and permissible under the law. You also may receive a different brand that is medically equivalent.

Pharmacy Management

Specific drugs are reviewed by the prescription drug program service representative at the point of sale to determine if your prescription is covered by the plan, clinically appropriate, and consistent with usage guidelines.

Member Pay the Difference Generic Incentive Program

To encourage the use of generic drugs, if a brand-name drug is purchased when an equivalent generic is available (for both retail pharmacy and mail service)—whether you or your physician requests the brand-name drug—you will pay the generic coinsurance or copayment plus the cost difference between the brand-name drug and generic drug.

If for any reason your physician believes that you must use a brand-name drug, he or she can ask for a coverage review by calling the service representative. The service representative will request information from your physician and review it to determine if your need for the brand-name drug meets the conditions to qualify for coverage. If coverage is approved, you will be charged the brand coinsurance or copayment for the brand-name drug. If coverage is not approved, coverage will be provided according to the member pay the difference generic incentive program.

Review Process for Brand-name Drugs

Brand-name drugs are covered at no additional cost to you when your physician provides information to the service representative, (Express Scripts at 1-800-841-2797) showing that you:

- Experienced an adverse reaction, allergy, or sensitivity to a generic equivalent,
- Experienced therapeutic failure with a generic equivalent,
- May be destabilized by changing to a generic equivalent, or
- Would be at unnecessary risk by changing to a generic equivalent.

Prescription Drug Program Exclusions

The following items are excluded under both the retail pharmacy card program and the mail service program:

- Any prescription filled in excess of the number prescribed by the physician or any refill after 1 year from the date of the prescription.
- Any prescription for which the person is eligible to receive benefits under another employer's group benefit plan or a workers' compensation law or from any municipal, state, or Federal program, including a Medicare prescription drug plan, except as required by law.
- Any service or supply otherwise excluded by the Traditional Medical Plan.
- Appliances or devices, such as blood glucose monitors or other nondrug items, including but not limited to therapeutic devices and artificial appliances. This exclusion does not apply to needles or syringes or to test strips, lancets, or alcohol swabs.
- Charges for the administration or injection of any drug.
- Delivery or handling charges.
- Drugs dispensed during an inpatient admission by a hospital, skilled nursing facility, sanatorium, or other facility.
- Experimental drugs or drugs used for investigational purposes.
- Fertility agents, unless approved by the service representative.
- Immunizing agents or allergy serum.
- Infusion therapy drugs, except as described in the home health care benefit.
- Medications to treat sexual dysfunction, unless the patient is being treated for a diagnosed medical condition.
- Obesity drugs, unless approved by the service representative.
- Over-the-counter drugs.
- Prescriptions that are not medically necessary to treat an illness, injury, or other covered condition, except as specifically provided by the program.
- Replacement of lost or misplaced prescriptions.

Coordination of Benefits—Retired Employees

If you or your dependent has other health care coverage in addition to being covered under this Plan, the following rules govern coordination of benefits with the other coverage. Other coverage includes, whether insured or uninsured, another employer's group benefit plan, other arrangement of individuals in a group, Medicare (to the extent allowed by law), individual

insurance or health coverage, and insurance that pays without consideration of fault.

The service representative has the right to obtain and release any information or recover any payment it considers necessary to administer these provisions.

Order of Payment

The primary plan pays its benefits first and pays its benefits without regard to benefits that may be payable under other plans. When another plan is the primary plan for health care coverage, the secondary plan pays the difference between the benefits paid by the primary plan and what would have been paid had the secondary plan been primary.

- A plan is considered primary if
  - It has no order of benefit determination rules.
  - It has benefit determination rules that differ from coordination of benefit rules under state regulations or, if not insured, that differ from these rules.
  - All plans that cover an individual use the same coordination of benefit rules, and under those rules, the plan is primary.
- If the aforementioned rules do not determine which group plan is considered primary, this plan applies the following coordination of benefit rules:
  - A plan that covers a person as an employee, retiree, member, or subscriber pays before a plan that covers the person as a dependent.
  - A plan that covers a person as an active employee or dependent of an active employee is primary. The plan that covers a person as a retired, laid-off, or other inactive employee or as a dependent of a retired, laid-off, or other inactive employee is secondary.
  - If a dependent child is covered under both parents' group plans, the child's primary coverage is provided through the plan of the parent whose birthday comes first in the calendar year, with secondary coverage provided through the plan of the parent whose birthday comes later in the calendar year.
  - If a dependent child's parents are divorced or separated and a court decree establishes financial responsibility for the health care coverage of the child, the plan of the parent with such financial responsibility is the primary plan of coverage. If the divorce decree is silent on the issue of coverage, the following guidelines are used:
    - The plan of the parent with custody pays benefits first.
    - The plan of the spouse of the parent with custody pays second.

- The plan of the parent without custody pays third.
- The plan of the spouse of the parent without custody pays fourth.

– If none of the aforementioned rules establishes which group plan should pay first, then the plan that has covered the person for the longest period is considered the primary plan of coverage.

– Continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended, always is secondary to other coverage, except as required by law.

– If the retired employee or dependent is confined to a hospital when first becoming covered under this plan, this plan is secondary to any plan already covering the retired employee or dependent for the eligible expenses related to that hospital admission. If the retired employee or dependent does not have other coverage for hospital and related expenses, this plan is primary.

Benefits under a Company-sponsored health care plan are not coordinated with benefits paid under any other group plan offered by the Company. You can receive benefits from only 1 Company-sponsored health care plan.

Federal rules govern coordination of benefits with Medicare. In most cases, Medicare is secondary to a plan that covers a person as an active employee or dependent of an active employee. Medicare is primary in most other circumstances.

Payment Provisions

The primary plan pays benefits without regard to any other plan. When the Company-sponsored plan is secondary, it adjusts benefits so that the total payable under both plans for expenses covered under the Company-sponsored plan is not more than would be payable under the Company-sponsored plan. Neither plan pays more than it would without coordination of benefits.

Plan means any plan providing medical, dental, vision care, hearing aid benefits, or treatment under individual insurance, group insurance, or any other coverage for individuals in a group, whether on an insured or uninsured basis.

Treatment of end-stage renal disease is covered by the Company-sponsored plan for the first 30 months following Medicare entitlement due to end-stage renal disease, and Medicare provides secondary coverage. After this 30-month period, you will be covered by Medicare only.

Coordination of benefit provisions of Company-sponsored HMO and CCP plans vary by plan.

When an Injury or Illness Is Caused by the Negligence of Another

In some situations, you or a covered dependent may be eligible to receive, as a result of an accident or illness, health care benefits from an automobile insurance policy, homeowner's insurance policy or other type of insurance policy, or from a responsible third party. In these cases, this plan will pay benefits if the covered person agrees to cooperate with the service representative in administering the plan's recovery rights.

If a person covered by this plan is injured by another party who is legally liable for the medical or dental bills, he or she may request this plan to pay its regular benefit on his or her behalf. In exchange, the covered person agrees to:

- Notify the plan within 30 days of giving notice to any party, including an insurance company or attorney, of the covered person's intention to pursue a claim.
- Complete a claim and submit all bills related to the injury or illness to the responsible party or any insurer.
- Complete and submit all of the necessary information requested by the service representative.
- Reimburse the plan from any payment he or she receives from the responsible party or any other source.
- Allow the plan to be subrogated to all rights of recovery a covered person has against the responsible party or any other source and to cooperate with the service representative's efforts to recover from the responsible party or any other source any amounts this plan pays in benefits related to the injury or illness, including any lawsuit brought against the responsible party or insurer.
- Grant the plan a lien in the amount of benefits paid which can be enforced against any source of funds available to compensate the covered person for injury or illness caused by another party.

This provision applies whenever you or a covered dependent is entitled to or receives benefits under this plan and is also entitled to or receives compensation or any other funds from another party in connection with that same medical condition, whether by insurance, litigation, settlement, or otherwise. The plan is entitled to such funds to the extent of plan benefits paid to or on behalf of the individual as a first-priority right, whether or not the individual has been "made whole," and without regard to any common fund doctrine. The plan is entitled to such funds regardless of whether the plan's benefits are identified as being included in the funds and regardless of whether liability for payment of the funds is admitted by the responsible

party or any other source of the funds. This plan may recover such funds by constructive trust, equitable lien, right of subrogation, reimbursement, or any other remedy allowed under applicable law.

The covered person shall do nothing to prejudice the plan's subrogation or recovery interest, including, but not limited to, refraining from making any settlement or recovery that attempts to reduce or exclude the full cost of all benefits provided by the plan. If an individual fails, refuses, or neglects to reimburse the plan or otherwise comply with the requirements of this provision, or if payments are made under the plan based on fraudulent information or otherwise in excess of the amount necessary to satisfy the provisions of the plan, then, in addition to all other remedies and rights of recovery that the plan may have, the plan has the right to terminate or suspend benefit payments and/or recover the reimbursement due to the plan by withholding, offsetting, and recovering such amount out of any future plan benefits or amounts otherwise due from the plan to or with respect to such individual. The plan also has the right in any proceeding at law or equity to assert a constructive trust, equitable lien, or any other remedy or recovery allowed under applicable law, against any and all persons or entities who have assets that the plan can claim rights to. The plan has a first-priority right of recovery from any judgment, settlement or other payment, regardless of whether the individual has been "made whole," and without regard to any common fund doctrine.

In the event that any claim is made that any part of this subrogation and recovery provision is ambiguous or questions arise concerning the meaning or intent of any of its terms, the plan or service representative shall have the sole authority and discretion to resolve all disputes regarding the interpretation of this provision.

Termination of Retiree Medical Coverage

Retiree Coverage

Your medical coverage stops on whichever of the following dates occurs first:

- You attain 65 years of age.
- You become eligible for Medicare.
- The end of the last month that any required contributions are paid.

Your covered dependents can continue their coverage until they reach their termination date as described below.

Dependent Coverage

Coverage for your eligible dependents terminates on whichever of the following dates occurs first:

- Your dependent no longer qualifies as an eligible dependent.
- Your dependent attains 65 years of age.
- Your dependent becomes eligible for Medicare.
- The death of your surviving spouse.
- The end of the last month that any required contributions are paid.

Your surviving covered dependents under the age of 65 may be permitted to convert their medical coverage as described below in "Conversion Privilege."

Continuation of Medical Coverage (COBRA)

If medical coverage for your dependents otherwise would terminate due to one of the following reasons, these benefits may continue for specified periods under Public Law 99-272, Title X, as amended, if the individual makes a timely request to the Company and pays the required contribution.

- Your death.
- Your divorce.
- You become entitled to Medicare.
- Your dependent child ceases to be a dependent as defined under this plan. (A child eligible to be continued under the plan's disabled child provision will still be considered to have dependent status.)

Conversion Privilege

If medical coverage terminates for reasons other than voluntary cancellation of coverage or by becoming eligible for another Company-sponsored plan, you or your dependent may apply for an individual policy of insurance of a kind then being issued by the service representative for group conversion purposes. Evidence of good health will not be required, provided written application is made and the first retiree medical premium is paid within 31 days following the end of the month in which medical coverage terminates. The policy will be issued at the service representative's customary rate applicable to the age of the individual and to the form and amount of insurance provided under the converted policy.

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