



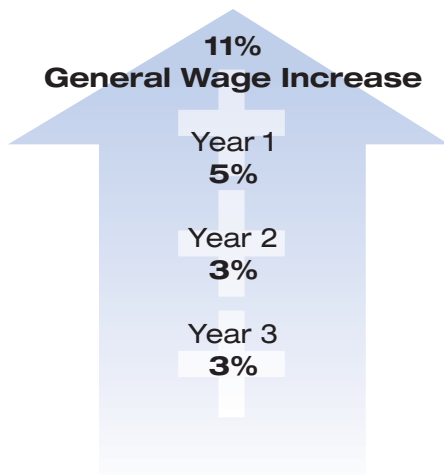
Boeing's best and final offer

After more than four months of negotiations, Boeing delivered a best and final contract offer to the IAM on Aug. 28. This final offer has leadership support across the enterprise. We're recognizing employee contributions to the business while helping sustain the success that we've all worked so hard to achieve. The proposal, on average, would provide employees approximately **\$34,000** in additional wages and incentive payments during the three-year agreement.

What you get

- **Increased pay** – general wage increases each year, increased minimum rates, lump sum payment, ratification bonus, and a new incentive pay plan
- **Industry-leading pension** – \$80/month per year of credited service
- **Outstanding health care** coverage with continued option for \$0 monthly payroll deductions

Increased pay package



	Year 1	Year 2	Year 3
General Wage Increase	5%	3%	3%
Estimated Cost of Living Adjustment Continue current COLA formula	1.5% (On average, or \$0.41/hr)	.8% (On average, or \$0.22/hr)	0.5% (On average, or \$0.15/hr)
Lump Sum Based on gross pay - including overtime - earned between Aug. 31, 2007 and Sept. 4, 2008	6% or \$2,500 Whichever is greater	—	—
Ratification Bonus Available if contract is ratified on a first vote, on or before Sept. 3	\$2,500	—	—

AOG travel premium pay rate increased from \$0.75/hr to \$2.00/hr.

Team Leader pay premium increased from \$1.75/hr to \$2.00/hr.

New Incentive Pay Plan

This plan rewards employees with extra days of pay for productivity improvements. Potential payouts are 0 – 20 days of pay with a target of **10 days of pay**. Boeing will continue to develop specific details of the incentive pay plan and will include the IAM in their discussions. The first potential payout is in the 3rd year of the contract.

Increased pay package continued

Minimum pay rates increased

- **\$2.28/hr** increase to the minimum pay rates effective Sept. 5, 2008.
- Employees who, after the application of COLA and GWI, are below the new minimum will have base rates increased to the new minimum.

Minimum Pay Rates

Grade	Current Minimum	New Minimum	Grade	Current Minimum	New Minimum
A	\$ 8.72	\$ 11.00	6	\$ 14.72	\$ 17.00
1	\$ 9.72	\$ 12.00	7	\$ 15.72	\$ 18.00
2	\$10.72	\$ 13.00	8	\$ 16.72	\$ 19.00
3	\$11.72	\$ 14.00	9	\$ 17.72	\$ 20.00
4	\$ 12.72	\$ 15.00	10	\$ 18.72	\$ 21.00
5	\$13.72	\$16.00	11	\$ 19.72	\$ 22.00

Retirement plan

14% Pension Increase



Industry-leading pension

The basic pension benefit is increased to **\$80** per month for each year of credited service, beginning Jan. 1, 2009. This is a **14%** increase to the current benefit level of \$70/month per year of service.

Base pay increases and the incentive plan payments in this contract offer will generate additional pension increases for employees who retire under the alternate, pay-based formula.

Voluntary Investment Plan

- Maintain current company match of 50% for the first 8% of employees' contribution.
- Increase the amount employees can contribute from 20% to 25% of base pay

IAM/Boeing Joint Programs

Continued investment

The company will continue to invest in the IAM/Boeing partnership at a minimum of \$15 million annually, including an additional **\$1 million** to focus on productivity improvement and employee engagement.

Employment stabilization

Feasibility study and recommendations

A joint committee will be formed to study the feasibility of mitigating the disruption that results from large hiring and layoff cycles. The committee will complete its study within one year and make recommendations subject to approval by both Boeing and the IAM.

Recall rights

- Category A recall rights will be increased as listed below:

Years of Company Service	Current Recall Rights	New Recall Rights
0-1 year	1 year	3 years
1-3 years	3 years	3 years
3- years	5 years	5 years
5+ years	7 years	8 years

Company proposals withdrawn

Significant Movement

Boeing withdrew proposals that are important to the company but still of concern to the union, including:

- Withdrew proposal to discontinue early retiree medical for individuals hired after Jan. 1, 2010.
- Withdrew proposal to create a new defined contribution retirement plan for individuals hired after Jan. 1, 2009.
- Withdrew proposal to negotiate a separate contract for Wichita.
- Withdrew proposal to make changes to Letter of Understanding (LOU) 2 on Facilities Maintenance Subcontracting.

Health care and insurance

Improvements

Our health care plans provide employees and their dependents with outstanding comprehensive medical, dental, and vision care as well as wellness and preventative care. We continue to offer health care plans in each region with zero monthly payroll deductions for the contract duration. Approximately 60% of IAM-represented employees are currently enrolled in these \$0 payroll deduction plans. We also responded to the IAM's request for improved health care by proposing enhancements in a number of areas. Boeing is committed to absorbing most of the increased costs of these enhancements while asking employees to pick up only a small percentage of the cost. Insurance and health care improvements in this contract include:

- Increase coverage for routine physicals—including annual exams and well-child care—from \$200 to **\$500** annually. In addition, Boeing will cover **100%** of the costs of most associated tests and laboratory work, including colonoscopies, mammograms and pap tests.
- Lifetime maximum benefit increases from \$1.5 million to **\$2 million**.
- Provide health care coverage for same-gender domestic partners.
- Improve coverage for organ transplants.
- Increase non-network coverage for inpatient and outpatient mental health care from 50% to **60%**; increase coverage for network outpatient mental health care from 80% to **95%**.
- Increase neurodevelopmental coverage from \$1,000 to **\$1,500**.
- Increase life insurance and short-term disability coverage.
- Increase hearing aid coverage from \$600 to **\$800**.
- Increase eyeglass frame coverage from \$70 to **\$90**, and increase contact lenses coverage from \$105 to **\$120**.
- Provide a health care flexible spending account, enabling employees to set aside money to cover health care costs on a pre-tax basis.

Health care plan details for employees in Washington, Oregon and Kansas, are provided on the following pages.

Health Care Options for Boeing's IAM-member employees

Washington State Health Care Options (Clark and Cowlitz counties covered in Oregon Options)

		Traditional Medical Plan		Select Network EPO		Group Health HMO	
		Now	NEW	Now	NEW	Now	NEW
Monthly Contribution	Employee	\$0	\$0	\$27	\$33	\$46	\$35
	Employee + spouse or children	\$0	\$0	\$54	\$66	\$92	\$70
	Family	\$0	\$0	\$81	\$99	\$138	\$105
Annual Deductible	Individual	\$200	\$225	NA	NA	NA	NA
	Family of 3 or more	\$600	\$675	NA	NA	NA	NA
Annual Out-of-Pocket Maximum (network)	Individual	\$2,000	\$2,000	NA	NA	NA	NA
	Family of 3 or more	\$4,000	\$6,000	NA	NA	NA	NA
Hospital Admission	Per confinement	NA	NA	NA	\$250	NA	\$250
Office Visit Copayment	Per visit	\$15	\$15	\$10	\$15	\$10	\$15
Coinsurance		95%	95%	100%	100%	100%	100%

* Coinsurance is 100% in a hospital that meets patient safety standards

Health Care Options for Boeing's IAM-member employees

Oregon Health Care Options (Clark & Cowlitz counties in Washington state)							
		Traditional Medical Plan		Selections Plus CCP		Kaiser Permanente HMO	
		Now	NEW	Now	NEW	Now	NEW
Monthly Contribution	Employee	\$33	\$33	\$61	\$31	\$0	\$0
	Employee + spouse or children	\$66	\$66	\$122	\$62	\$0	\$0
	Family	\$99	\$99	\$183	\$93	\$0	\$0
Annual Deductible	Individual	\$200	\$225	NA	NA	NA	NA
	Family of 3 or more	\$600	\$675	NA	NA	NA	NA
Annual Out-of-Pocket Maximum (network)	Individual	\$2,000	\$2,000	NA	NA	NA	NA
	Family of 3 or more	\$4,000	\$6,000	NA	NA	NA	NA
Hospital Admission	Per confinement	NA	NA	NA	\$250	NA	\$250
Office Visit Copayment	Per visit	\$15	\$15	\$10	\$15	\$10	\$15
Coinsurance		95%*	95%*	100%	100%	100%	100%

* Coinsurance is 100% in a hospital that meets patient safety standards

Health Care Options for Boeing's IAM-member employees

Kansas Health Care Options					
		Traditional Medical Plan		Preferred Plus HMO	
		Now	NEW	Now	NEW
Monthly Contribution	Employee	\$12	\$37	\$0	\$0
	Employee + spouse or children	\$24	\$74	\$0	\$0
	Family	\$36	\$111	\$0	\$0
Annual Deductible	Individual	\$200	\$225	NA	NA
	Family of 3 or more	\$600	\$675	NA	NA
Annual Out-of-Pocket Maximum (network)	Individual	\$2,000	\$2,000	NA	NA
	Family of 3 or more	\$4,000	\$6,000	NA	NA
Hospital Admission	Per confinement	NA	NA	NA	\$250
Office Visit Copayment	Per visit	\$15	\$15	\$10	\$15
Coinsurance		95%*	95%*	100%	100%

* Coinsurance is 100% in a hospital that meets patient safety standards

Health Care Options for Boeing's IAM-member employees

California Health Care Options					
		Traditional Medical Plan		Kaiser Permanente HMO	
		Now	NEW	Now	NEW
Monthly Contribution	Employee	\$43	\$35	\$0	\$0
	Employee + spouse or children	\$86	\$70	\$0	\$0
	Family	\$129	\$105	\$0	\$0
Annual Deductible	Individual	\$200	\$225	NA	NA
	Family of 3 or more	\$600	\$675	NA	NA
Annual Out-of-Pocket Maximum (network)	Individual	\$2,000	\$2,000	NA	NA
	Family of 3 or more	\$4,000	\$6,000	NA	NA
Hospital Admission	Per confinement	NA	NA	NA	\$250
Office Visit Copayment	Per visit	\$15	\$15	\$10	\$15
Coinsurance		95%*	95%*	100%	100%

* Coinsurance is 100% in a hospital that meets patient safety standards