

K41 77

COLLECTIVE BARGAINING AGREEMENT

between

THE BOEING COMPANY

and

SOCIETY of PROFESSIONAL ENGINEERING

EMPLOYEES in AEROSPACE

(Technical Bargaining Units)

Effective Date: December 2, 2002

effective
12/2/02 to
12/1/05

TABLE OF CONTENTS

Page

	Preamble	1
Article 1	Recognition	1
Article 2	Rights of Management	2
Article 3	Grievance Procedure and Arbitration	2
Article 4	Performance Management	5
Article 5	Vacation Plan	6
Article 6	Sick Leave, Reserve Account and Financial Security Plan	7
Article 7	Holidays	10
Article 8	Workforce Administration	11
Article 9	Contract Personnel	19
Article 10	Joint Meetings	20
Article 11	Work Schedules – Pay Rates – Overtime – Temporary Military Leave – Jury Duty and Witness Service	21
Article 12	Union Officials	26
Article 13	Union Security	29
Article 14	Strikes and Lockouts	30
Article 15	Voluntary Investment Plan	31
Article 16	Group Benefits	32
Article 17	Retirement Plan	34
Article 18	Non-Discrimination	35
Article 19	Separability	36
Article 20	SPEEA/Boeing Ed Wells Initiative and Working Together Partnership	36
Article 21	Layoff Benefits	37
Article 22	Job Classifications	38
Article 23	Duration	42
Appendix A	Salaried Job Classifications (SJC) Job Families and Titles	44
	Letters Of Understanding Relating To:	
Attachment 1	Sex Crimes	47
Attachment 2	Child/Elder Care and Child Development Programs	47
Attachment 3	Joint Company-Union Drug and Alcohol Dependency Program	48
Attachment 4	Drug- and Alcohol-Free Workplace Program	49
Attachment 5	Health and Safety in the Workplace	55
Attachment 6	Data Reports	56
Attachment 7	Printing of Contracts	56
Attachment 8	Expenditure of Funds Under Article 20	56
Attachment 9	Article 20 – Confidentiality of Information	57
Attachment 10	Employment Stabilization	58
Attachment 11	New Employee Progress Review	58
Attachment 12	Performance Remedial Action	59
Attachment 13	Voluntary Layoffs	60
Attachment 14	Designated Employees	60
Attachment 15	Temporary Recall	61
Attachment 16	Joint Benefits Discussion Group	62
Attachment 17	Part-time Employment	63
Attachment 18	Joint Compensation Discussion Group	64

	Page
Attachment 19 ShareValue Program .....	.64
Attachment 20 Virtual Office/Telecommuting .....	.65
Attachment 21 Travel Card Process .....	.65
Attachment 22 Frequent Flier Mileage .....	.66
Attachment 23 SPEEA Access to the Boeing Web .....	.67
Attachment 24 Salary Review Consideration upon Return from Leave of Absence .....	.67
Attachment 25 Lump Sum Cash Payment .....	.68
Attachment 26 Retraining Skill Transition .....	.68
Attachment 27 Promotions .....	.69
Attachment 28 Use of Employee Skills Inventory .....	.69
Attachment 29 AOG Assignments .....	.70
Attachment 30 Technical Excellence Program .....	.71
Attachment 31 Implementation of a Revised Technical Retention Index and Redeployment Process .....	.72
Side Letter:	
SPEEA & Boeing – Joint Commitment .....	.73
Attachment A Group Benefits Package	A-1
Attachment B Retiree Medical Plan	B-1
Index	I-1

COLLECTIVE BARGAINING AGREEMENT

Between

THE BOEING COMPANY

and

SOCIETY OF PROFESSIONAL ENGINEERING EMPLOYEES IN AEROSPACE

THIS AGREEMENT is executed this 21st day of January, 2003, effective December 2, 2002, by and between The Boeing Company, a Delaware corporation having its principal place of business in Seattle, Washington (the "Company"), and Society of Professional Engineering Employees in Aerospace ("SPEEA" or the "Union"). The Union is the bargaining agent for the collective bargaining units described in Article 1 and the parties intend that this Agreement apply separately and respectively to each unit as if a separate Agreement had been executed as to each.

This agreement is a reflection of the parties' commitment to these shared values:

- To maintain a respectful, cooperative relationship.
- To work together to further the mutual success of both parties: positioning Boeing for continued competitive success in the marketplace while enabling SPEEA to best represent and serve its members.
- To resolve issues, to the greatest extent possible, through a collaborative process, marked by open communication and respect for each other's interests.

ARTICLE 1
RECOGNITION

Section 1.1 Recognition. For the purposes of collective bargaining with respect to rates of pay and other conditions of employment, the Company recognizes the Union as the exclusive bargaining agent for the collective bargaining units described as follows:

1.1(a) As defined by the Certification of Representative dated February 3, 1972, by the National Labor Relations Board in Case No. 19-RC-5993, those technical employees on the general office payroll of The Boeing Company working in the Company's plants in the State of Washington, including persons who are on travel status from such plants, who are classified by the Company in one of the job classifications listed in Appendix A attached hereto and including those persons assigned (other than on travel status) at Edwards AFB, California or Palmdale, California who are classified by the Company in one of the job classifications listed in Appendix A hereto; excluding guards and supervisors as defined in the National Labor Relations Act, employees in all other job classifications in the general office payroll, and all other employees.

1.1(b) All technical employees employed by The Boeing Company at its primary location at 19000 N.E. Sandy Boulevard, Portland, Oregon, as identified in the National Labor Relations Board Certification of Representative, dated August 7, 1981, in Case No. 36-RC-4471; excluding guards and supervisors as defined in the National Labor Relations Act and all other employees.

1.1(c) All employees of the Company assigned (other than on travel status) to the Inertial Upper Stage program at the Cape Canaveral Air Force Station, Florida who are classified by the Company in one of the job classifications listed in Appendix A hereto.

Section 1.2 Employees. For purposes of this Agreement, the term "employees" shall include only those persons referred to in 1.1.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

ARTICLE 2
RIGHTS OF MANAGEMENT

Section 2.1 Rights of Management.

2.1(a) The terms and conditions of this Agreement are minimum and the Company shall be free to grant more favorable terms and conditions and to pay salary rates higher than the salary ranges shown in Article 11 to any employee.

2.1(b) The management of the Company and the direction of the workforce are vested exclusively in the Company subject to the terms of this Agreement. Without limitation, implied or otherwise, 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
GRIEVANCE PROCEDURE AND ARBITRATION

Section 3.1 Grievance and Arbitration Procedure. Grievances arising between the Company and its employees subject to this Agreement, or between 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 relating to cases of dismissal or suspension for just 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 3.2 Employee Grievances.

3.2(a) Grievances on behalf of employees shall be handled as follows:

STEP 1. Oral Submission of Grievance to Supervisor. The employee and, at his or her option, a Union Representative shall contact the employee's supervisor and shall attempt to effect a settlement of the grievance. Such oral presentation shall be made within ten (10) workdays following the occurrence of the event giving rise to the grievance. The supervisor shall, within five (5) workdays thereafter, provide to the employee the answer to the grievance.

STEP 2. Oral Submission of Grievance to Major Organization Management. If the decision of the supervisor does not settle the grievance, the Union Representative shall within five (5) workdays subsequent to the receipt of the supervisor's answer contact the Human Resources Director, or designee, of the Major Organization in which the employee is assigned for the purpose of arranging a meeting to discuss the grievance. The meeting will be held within five (5) workdays following such request and shall be attended by the Union Representative and the employee and appropriate Company Representatives. The Company's answer to the grievance shall be made within ten (10) workdays following such meeting.

STEP 3. Written Submission of Grievance to Company Representative. If no settlement is reached, the Union Representative may immediately thereafter reduce a statement of the grievance to writing, which shall contain the following:

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

The Union Representative shall submit such written grievance to the designated Company Representative within five (5) workdays following receipt of the answer provided in Step 2 above. After such submission the designated Company Representative and the Union Representative may, within the next ten (10) workdays, meet and settle the grievance, and over their signatures indicate the disposition thereof. Otherwise, promptly after the expiration of such ten (10) day period they shall sign the grievance indicating that the grievance has been discussed and reconsidered by them and that no settlement has been reached, and the designated Company Representative will promptly thereafter confirm in writing to the Union Representative the denial of the grievance.

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 provided in 3.4 through 3.6.

3.2(b) Employees shall not be discharged or suspended without just cause. An employee shall have the right to appeal a layoff, discharge, suspension, or involuntary resignation by filing a written grievance through the Union, beginning at Step 3, with the designated Company Representative within ten (10) workdays after the date of such layoff, discharge, suspension, or involuntary resignation.

3.2(c) When the Union requests arbitration on behalf of bargaining unit employees who have been laid off, discharged, or suspended, or who have involuntarily resigned, the Company and the Union will exercise reasonable efforts to have the arbitration hearing within ninety (90) days of the request for arbitration.

Section 3.3 Union Versus Company and Company Versus Union Grievances. Grievances which the Union may have against the Company or the Company may have against the Union, limited as aforesaid to matters dealing with the interpretation or application of terms of this Agreement, shall be handled as follows:

3.3(a) Such grievances shall be submitted to the designated Company Representative or President of the Union, as the case may be, or to their designated representatives, within ten (10) workdays following the occurrence of the event giving rise to the grievance and shall contain the following:

- (1) Statement of the grievance setting forth in detail the facts upon which the grievance is based.
- (2) The section(s) of the Agreement alleged to have been violated.
- (3) The remedy sought.

3.3(b) The grievance shall be signed by the President of the Union or the designated Company Representative, as the case may be, or their designated representatives. If no settlement is reached within ten (10) workdays from the submission of the grievance to the designated Company Representative or the designated representative of the Union, as the case may be, both shall sign the grievance and indicate it has been discussed and considered by them and that no settlement has been reached and the party responding to the grievance will promptly confirm in writing to the other party the denial of the grievance. Within ten (10) workdays thereafter either party may in writing request that the matter be submitted to an arbiter for a prompt hearing as provided in 3.4 through 3.6.

3.3(c) No matter shall be considered as a grievance under this 3.3 unless it is presented to the designated persons within ten (10) workdays after occurrence of the last event on which the grievance is based.

Section 3.4 Selection of Arbiter - from Arbitration Panel. Contemporaneously with execution of this Agreement, the parties will agree upon a panel of five arbiters. The panel may thereafter be augmented upon the mutual agreement of the parties. Selection of an arbiter to hear a particular case shall be made from the panel on a rotating, alphabetical basis.

mutually agreeing on an arbiter to hear and decide a particular case.

Section 3.6 Arbitration – Rules of Procedure. Arbitration proceedings shall be in accordance with the following:

3.6(a) The arbiter shall hear and accept pertinent evidence submitted by both parties and shall be empowered to request such data as the arbiter deems pertinent to the grievance and shall render a decision in writing to both parties within sixty (60) days (unless mutually extended) of the completion of the hearing.

3.6(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.

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

3.6(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 the 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.

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

3.6(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 necessary expenses.

3.6(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 3.7 Binding Effect of Award. All decisions arrived at under the provisions of this Article by the representatives of the Company and the Union, or by the arbiter, shall be final and binding upon both parties, provided that in arriving at such decisions neither of the parties nor the arbiter shall have the authority to alter this Agreement in whole or in part.

Section 3.8 Time Limitation as to Back Pay. Grievance claims regarding 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 3.9 Extension of Time Limits by Agreement. The time limits set forth in this Article are recognized by the parties as being necessary for prompt resolution of grievances. Reasonable extensions of these time limits may be arranged by mutual written agreement. If a decision is not rendered by the Company within the time limits established for Steps 1 and 2, Section 3.2, the Union may thereupon advance the grievance to the next step. Grievances not presented, or presented and not pursued, within the specified or mutually extended time limits will be considered waived.

Section 3.10 Conferences During Working Hours. All conferences resulting from the application of provisions of this Article shall be held during working hours.

Section 3.11 Signing Grievance Does Not Concede Arbitrable Issue. The signing of any grievance by any employee or representative of either the Company or the Union shall not be construed by either party

grievance machinery under the terms of this Article.

Section 3.12 Jurisdictional Disputes. Any disputes where the Union contends either (1) that work performed by represented employees not within one of the units described in Article 1 should be performed by employees within one of said units, or (2) that represented employees not within one of the units described in Article 1 should be included within one of said units, shall not be subject to the grievance and arbitration provisions of Article 3. This Section 3.12 shall not apply to such disputes where the Union obtains the written consent of all other interested bargaining representatives to participate in and be bound by the decision of an arbitrator or panel of arbitrators.

ARTICLE 4 PERFORMANCE MANAGEMENT

Section 4.1 Performance Management Process. The Union and the Company agree that many factors contribute to employee performance. The Performance Management Process provides a method for employees and management to determine individual performance goals, assess performance against those goals and establish developmental plans to address performance needs or gain additional knowledge, skills and abilities as necessary.

4.1(a) Each employee and his or her supervisor will participate in periodic Performance Management discussions, which may be initiated by either party. Discussions should promote a mutual understanding of all factors that contribute to or are affected by performance, such as:

- job assignment and responsibilities;
- the effect of performance on opportunities for salary planning adjustments;
- the effect of performance, knowledge, skills and abilities on retention index;
- any education and/or significant experience gained by the employee and related to his or her career progress within the Company;
- any other assignments, skills, or classifications that the employee may be qualified to perform.

4.1(b) The Performance Management Process consists of four activities: setting goals, coaching and feedback, assessing performance and employee development.

4.1(b)(1) "Goal setting" consists of documenting current job responsibilities and establishing performance goals and measures. Goal setting activities will normally include established organizational performance values and will be completed within forty-five (45) calendar days of the beginning of the annual Performance Management cycle established by the Company.

4.1(b)(2) "Coaching and feedback" consists of ongoing events that provide valid, constructive, performance-based feedback related to goal attainment. Frequent and focused coaching interactions between employees and supervisors encourage further development of those employees who meet or exceed expectations, and helps those who are falling short identify and overcome impediments to their success.

4.1(b)(3) "Performance assessment" consists of an ongoing communication and assessment of previously defined job responsibilities, performance goals, measures and action plans. Assessment results from each review shall be recorded on the process form, and held by the reviewing supervisor or skill team captain. Employees are responsible for continuously updating their plan as accomplishments and goals are met between scheduled reviews with their supervisor.

Page
4
5
6
7 A-41
8 A-41
9 A-44
10
11 A-45
12 A-45
13 A-45
14 A-46
15
16 46
17 46
18 46
19 46
20 46
21
22 47
23 47
24 47
25 47
26 47
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

1 4.1(b)(4) "Employee development" is a discussion and coaching process to help employees and
2 supervisors develop/enhance the employee knowledge, skills and abilities so that current and
3 future business objectives are met. Employee development provides employees and supervisors a
4 unique opportunity to identify and discuss strengths that have been demonstrated on the job, as
5 well as skills that can be enhanced to achieve current and future business performance.
6 Additionally, it provides a feedback mechanism to support the development of skills and abilities
7 so that each employee has the opportunity to develop personally and professionally, and
8 ultimately improve the performance of the Company.
9

10 4.1(b)(4)a Each employee shall have at least one (1) interim review for coaching and feedback
11 and one (1) performance assessment review during each twelve (12) month period. Employee and
12 supervisor are encouraged to conduct additional interim reviews as often as appropriate.
13

14 4.1(b)(4)b In the final assessment review meeting, overall performance is assessed,
15 summarized, and documented.
16

17 4.1(b)(4)c Performance Management sessions (goal setting and assessment reviews) shall be
18 scheduled to maximize their utility in salary planning and retention index decisions.
19

20 **Section 4.2 Performance Management Form.** Forms used in the Performance Management Process
21 shall be the same for all SPEEA-represented employees and consistent with the established processes used
22 by the Company.
23

24 **Section 4.3 Process Revision.** The Performance Management process and utilization will be reviewed
25 jointly in each year of this Agreement through the Joint Workforce Committee in accordance with Attachment
26 10. Changes to the Performance Management Process are subject to the approval of both parties.
27
28
29

30 ARTICLE 5 31 VACATION PLAN

32 **Section 5.1 General.** Reasonable time away from the job is conducive to good health and well being and
33 is considered in the best interest of the employee and the Company. Each employee should have the
34 opportunity to schedule and take vacation each year and thereby use their vacation credits, allowing
35 adequate staffing for Company operations.
36

37 Section 5.2 Accumulation of Vacation.

38 5.2(a) Vacation credits are accrued daily and awarded weekly, with credits increasing on the basis of
39 established increments as follows:
40
41

Company Service	Annual Vacation
1 thru 4 years	80 hours
5 thru 9 years	96 hours
10 and 11 years	120 hours
12 and 13 years	128 hours
14 and 15 years	136 hours
16 and 17 years	144 hours
18 years or more	160 hours

42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
Company service date will be used to determine the credits to be awarded. Vacation credits may
accumulate to a maximum of two (2) years of credit (as determined from above schedule). No
additional vacation credits will be accrued until the number of credits in the account drops below the
two (2) year maximum. Deviations to the two (2) year maximum accrual must be approved by the
business unit Compensation organization.

Vacation credits will not be accrued in excess of ninety (90) calendar days on a leave of absence.

5.2(b) Part-time employees are awarded vacation credits in accordance with the above schedule
on a pro-rata basis. Vacation credits will be prorated based on hours paid (excluding overtime and
short-term disability leave payments).

5.2(c) Vacation accounts will be maintained to the nearest tenth of an hour unit.

Section 5.3 Use of Vacation Credits.

5.3(a) Subject to management approval based on Company work schedule requirements, previously
awarded vacation credits may be used by the employee without limit. Management will encourage
employee use of vacation for time off within the period credits are available. Use of vacation at times
convenient to the employee will be arranged to the extent permitted by Company work schedule
requirements.

5.3(b) Vacations are to be taken as time off and there will be no pay in lieu of time off.

5.3(c) Generally, vacation credits are to be used in units equal to the scheduled hours in the
employee's normal workday; however, vacation credits may be used in lesser amounts to permit a
partial day absence. Also, in cases when sick leave credits are exhausted, a partial day of absence for
sick leave may be charged against vacation credits in any amount up to the scheduled hours in the
employee's normal workday.

5.3(d) Part-time employees normally will use vacation credits in amounts comparable to their
part-time work schedules. However, subject to the scheduling requirements of his or her organization,
a part-time employee may request and receive vacation in eight (8) hour increments.

5.3(e) Holidays occurring while an employee is on vacation are not deducted from vacation credits.

5.3(f) Payment for vacations will be made at the employee's base rate in effect at the time vacation is
taken plus, if applicable, any supplement to the base rate approved by the Company for inclusion in
vacation pay.

5.3(g) An employee on leave of absence is eligible to use vacation credits.

Section 5.4 Vacation Payment on Termination. An employee who terminates for any reason will be paid
for all unused credits in his or her vacation account and all accrued vacation through the last day worked.

Section 5.5 Vacation Credits When Payroll Is Changed. In all cases involving the transfer of an employee
from one payroll to another, the provisions of the Company's procedures pertaining to vacations, as may be
revised from time-to-time by the Company, shall be applicable.

ARTICLE 6 SICK LEAVE, RESERVE ACCOUNT AND FINANCIAL SECURITY PLAN

Section 6.1 Establishment of Initial Eligibility for Sick Leave.

6.1(a) Employees classified on a salaried payroll become eligible for sick leave upon completion of
one (1) month continuous active service with the Company.

6.1(b) When the continuity of employment is broken other than by layoff or termination to enter
military service, an employee must begin with the date of reemployment to accumulate one (1) month
continuous active service with the Company before being eligible for sick leave.

Section 6.2 Accumulation of Sick Leave.

6.2(a) On the first workday following completion of one (1) month of continuous active service, a full-time employee will be credited with eight (8) hours sick leave. Thereafter, he or she, will accumulate eight (8) hours sick leave for each month of active service to a maximum of eighty (80) hours during the first and each succeeding year of service. For part-time employees, sick leave credits will be accumulated in the proportion that the hours worked bear to full-time hours, rounded to the nearest one-tenth hour unit.

6.2(b) In all cases involving the transfer of an employee from one payroll to another, the provisions of the Company's procedures pertaining to sick leave, as may be revised from time to time by the Company, shall be applicable.

6.2(c) No sick leave credit will be accumulated during periods on layoff or for absence in excess of the first ninety (90) calendar days on a leave of absence. Such absence from the active payroll will reduce the monthly sick leave award, if applicable, in the proportion of 1/30th of eight (8) hours for each calendar day of absence during the month, or a comparable proportionate reduction if a part-time employee, rounded to the nearest tenth of an hour.

6.2(d) Eligibility dates and accumulated sick leave credits established prior to this Agreement will not be changed as a result of this Agreement.

Section 6.3 Use of Sick Leave.

6.3(a) Sick leave credits are to be used only in the event of absence due to the following causes: (a) illness of employee, including physical incapacity of a female employee due to her pregnancy, (b) illness or death in the family (requiring the employee's presence), and (c) medical or dental appointment which can be scheduled only during the working hours.

6.3(b) Sick leave payments will be at the employee's base rate in effect at the time of his or her absence plus, if applicable, any supplement to the base rate approved by the Company for inclusion in sick leave pay.

6.3(c) Sick leave hours will be used from sick leave hours most recently credited.

6.3(d) Notwithstanding 6.3(a), sick leave credits may be used by an employee on leave of absence.

Section 6.4 Reserve Account.

6.4(a) Sick leave hours credited to the employee's Reserve Account and Financial Security Plan Trust Account on the effective date of this Agreement will not be changed as a result of this Agreement.

6.4(b) The maximum allowable amount in a full-time employee's combined Reserve Account and Financial Security Plan Trust Account will be 1,760 hours. An employee who is rehired or reinstated after having been paid for his or her Reserve Account or Financial Security Plan Trust Account will be eligible for transfer of credits to his or her Reserve Account as if he or she were a new employee.

6.4(c) On each eligibility date of a full-time employee on the active payroll, up to forty (40) hours of sick leave awarded during his or her preceding eligibility year, less any sick leave hours used in excess of forty (40) hours during that eligibility year, will be transferred to his or her Reserve Account, subject to the "maximum allowable amount."

For a part-time employee on the active payroll, the amount of previously awarded and unused sick leave credits transferred to the Reserve Account on each eligibility date will be in the proportion the employee's actual total hours of work bear to full-time hours during the qualifying period.

6.4(d) An employee off the active payroll due to leave of absence, layoff, or military service will, upon return from leave or upon reinstatement from layoff or military service with reemployment rights, have transferred to his or her Reserve Account such sick leave credits as would normally have been transferred had the employee returned to the active payroll on his or her first sick leave eligibility date following the employee's last day on the active payroll.

6.4(e) At the time an employee who has hours credited to his or her Reserve Account is terminated for any reason, payment shall be made for those hours credited to his or her Reserve Account at the employee's then current base rate.

6.4(f) Credits in an employee's Reserve Account will be converted in accordance with the Financial Security Plan and placed in an individual Financial Security Plan Trust Account as provided for in the Financial Security Plan.

Section 6.5 Financial Security Plan.

6.5(a) Continuation of Plan. Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of 6.5(d), a Financial Security Plan (the "Plan") in the form as 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.

6.5(b) Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in 6.5(a) means a continuing approval sufficient to establish that the Plan and related trust(s) are at all times qualified and exempt from income tax under Section 401(a) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 6.5(a) 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.

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

6.5(d) Changes to the Current Plan. Subject to action by the Company's Board of Directors and to the approvals specified in 6.5(b), all provisions of the plan are to remain unchanged with the exception of the following amendments:

6.5(d)(1) Maximum Allowable Hours. The maximum allowable amount in a full-time employee's combined reserve account and Financial Security Plan Trust Account will be increased 120 hours to 1,760 hours.

6.5(d)(2) Effective Date of Amendment. The amendment set forth in 6.5(d)(1) above shall take effect December 2, 2002.

Section 6.6 Unreserved Sick Leave Credits. Upon retirement under the Company's retirement plan or upon layoff or death while retirement eligible, employees will receive payment for fifty (50) percent of their unreserved sick leave credits remaining on the date of retirement, layoff, or death. Such credits will be paid at the employee's then-current base rate, subject to a maximum rate that is established from time-to-time by the Company for all salaried employees.

ARTICLE 7
HOLIDAYS

Section 7.1 Dates on Which Observed. The following holidays will be observed by the Company during the term of this Agreement:

2002

Holidays	Date of Observance
Winter Break	Tuesday December 24, 2002
Winter Break	Wednesday December 25, 2002
Winter Break	Thursday December 26, 2002
Winter Break	Friday December 27, 2002
Winter Break	Monday December 30, 2002
Winter Break	Tuesday December 31, 2002

2003

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

2004

Holidays	Date of Observance
New Year's Day	Thursday January 1, 2004
Memorial Day	Monday May 31, 2004
Independence Day	Monday July 5, 2004
Labor Day	Monday September 6, 2004
Thanksgiving Day	Thursday November 25, 2004
Friday following Thanksgiving	Friday November 26, 2004
Winter Break	Friday December 24, 2004
Winter Break	Monday December 27, 2004
Winter Break	Tuesday December 28, 2004
Winter Break	Wednesday December 29, 2004
Winter Break	Thursday December 30, 2004
Winter Break	Friday December 31, 2004

2005

Holidays	Date of Observance
New Year's Day	Monday January 3, 2005
Memorial Day	Monday May 30, 2005
Independence Day	Monday July 4, 2005
Labor Day	Monday September 5, 2005
Thanksgiving Day	Thursday November 24, 2005
Friday following Thanksgiving	Friday November 25, 2005

For the period following Friday, November 25, 2005, through the remaining effective period of this Agreement, the holidays to be observed under the terms of this Article shall be those holidays scheduled and observed by the Company.

Section 7.2 Unworked Holidays. Employees shall receive eight (8) hours pay for unworked holidays (those designated above), at their base rate in effect at the time the holiday occurs, plus applicable shift differential, if, on the holiday, they are either on the active payroll or not on leave of absence for 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 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 work schedule incentives, if applicable, unless the employee starts to work at 9:00 p.m. or thereafter on that day.

Section 7.4 Holidays during Vacation. Holidays occurring while an employee is on vacation are not deducted from vacation credits.

Section 7.5 Employees Prevented from Working because of Local Holidays. Employees assigned to a non-Company facility who are prevented from working their assigned shift because a holiday not listed in this Article is recognized at that facility shall be paid for such assigned shift unless the Company, at its option, modifies the work schedule for the week in which the holiday falls so that the employees are able to work a full work week. In all cases, hours worked on scheduled days of rest will be treated as overtime under 11.8.

ARTICLE 8
WORKFORCE ADMINISTRATION

Section 8.1 Definitions and Job Classifications of Record

8.1(a) Definitions.

8.1(a)(1) "Job Classification." The term refers to a job that the Company defines with a six (6) digit alphanumeric code as set forth in Article 22.

8.1(a)(2) "Skills Management Code." Skills Management Code is referred to throughout this Article as "SMC."

8.1(a)(3) "Job Activity Code" is defined for the purposes of this Article as the occupation or sub-occupation, job family, and skills management code.

8.1(a)(4) "Major Organization." The term means a major organizational element of the Company reporting to the Chief Executive Officer or identified as a Major Organization by the Chief Executive Officer. The Company shall provide to the Union in writing a list of major organizations and principal subordinate organizations or programs and advise the Union as soon as practicable of changes made thereto insofar as they relate to 8.3(d).

8.1(a)(5) "Surplus." The term refers to a condition in which the Company determines that the assigned number of individuals exceeds the needs of the activity, project, program or organization to which the individuals are assigned. A surplus may or may not result in layoffs. To the extent deemed practicable by the Company, surpluses will be resolved by placing individuals in other assignments.

8.1(b) Job Classification and SMC of Record Shall Prevail. Notwithstanding any challenges concerning job classification and SMC by individual employees or the Union under Article 3 or Article 22, employee reassignments or layoffs effected under the provisions of this Article shall be based upon each employee's job classification and SMC of record at the time of such action. Individual employee or Union contentions that a reassignment or layoff is inappropriate, inasmuch

as the employee's assigned job classification and SMC prior to or at the time of such reassignment or layoff is or was alleged to be inappropriate, are specifically excluded from the grievance procedure described in Article 3 and shall afford no basis for any claim on the part of the individual employee or Union that such reassignment or layoff should be voided or set aside. However, if subsequent to layoff or reassignment from a job classification and SMC challenged by an individual employee in accordance with 22.5(d), the employee's challenge is upheld, then for the purposes of 8.4 and 8.2(c) the employee's job classification and SMC at the time of such layoff or reassignment shall be construed as that job classification and SMC that was appropriate for the employee's job assignment.

Section 8.2 Procedure Relating to the Filling of Positions.

8.2(a) The parties agree that it is in their mutual interest to assure that favorable promotional and retention consideration is granted to those individuals who are best able to maintain or improve the efficiency of the Company, further its progress and contribute to the successful accomplishment of current and future business. Accordingly, in the filling of open positions, priority consideration will be given to the development, advancement and retention of the existing workforce. The existing workforce is defined as those employees on the active payroll or on an inactive leave of absence.

8.2(b) Reassignments or transfers of qualified surplus employees and non-promotional reassignments of non-surplus employees may be made by the Company in accordance with Company procedure regarding the transfer of salaried employees and without regard to the provisions of 8.2(c). Positions so filled shall not be regarded as open positions.

8.2(c) The Company will seek qualified candidates, as determined by the applicable Skill Team, from within the existing workforce for all positions that are designated by the Company as open positions. The Company may designate a position as open when there is a need for additional resources within a job classification or when a position is vacated and the Company determines that the vacated position should be filled.

Employees on the active payroll who have been declared surplus and/or who have been previously downgraded shall have priority consideration for open positions. Other candidates shall be considered as follows:

8.2(c)(1) The Company may either transfer a qualified employee from within the existing workforce or return a qualified laid-off employee from priority recall status.

8.2(c)(2) The Company may either return a qualified employee from active recall status or hire a qualified candidate from external sources.

The Company will select for the open position whichever of the considered candidates it determines will best achieve the purposes set forth in 8.2(a). Company actions set forth in this 8.2 may be appealed by the Union to the Senior Workforce Manager for the Major Organization, but will not be subject to the grievance and arbitration procedures.

8.2(d) **Employee Requests for Transfer.** The Company will maintain an environment in which employees can make known their interest in transferring to other positions for which they are qualified to perform and which may satisfy their personal needs. A job posting and transfer process will be maintained which will allow employees, without fear of reprisal, to make application for transfer and receive consideration as a candidate for open positions for which they are qualified. All employees, including those involved in surpluses, shall have full access to the Jobs at Boeing process. The Company will provide the Union with a copy of the request for transfer procedure and any changes thereto.

Section 8.3 Retention System and Redeployment Procedure.

8.3(a) **Objective.** The general objective of the procedure stated in this 8.3 is to provide for the accomplishment of layoffs for business reasons, to the end that insofar as practicable the layoffs

will be made equitably, expeditiously and economically, and at the same time will result in retention on the payroll of those employees regarded by management as comprising the workforce that is best able to maintain or improve the efficiency of the Company, further its progress and success and contribute to the successful accomplishment of the Company's current and future business. The occurrence and existence of any condition necessitating a layoff, and the number of employees involved, will be determined exclusively by the Company. Following such determination, the Company will notify the Union of the anticipated layoff and, to the extent practicable, the job classifications and SMCs and numbers of employees apt to be affected. Affected employees will be given two (2) weeks' notice prior to layoff wherever practicable, and will receive consideration for open positions in accordance with 8.2(c).

8.3(b) **Retention Ratings/Indexing.** Each employee will be assigned by the Company a retention rating as follows, giving consideration to the employee's competence, diligence, and demonstrated usable capabilities as well as current and previous performance. Employees on part-time work schedules as defined in the Letter of Understanding entitled "Part-time Employment" (Attachment 17) will be retention indexed with employees on full-time work schedules. Length of Company service will be a positive factor to the extent that the experience so gained continues to be reflected in increased capability.

8.3(b)(1) **Frequency.** A retention index review will be held at least three (3) times during the term of this Agreement and not less frequently than once each twelve (12) months following the execution date of this Agreement, with the precise intervals to be determined by the Company. In each review, the Company will group employees for retention purposes and designate the retention rating of each employee in the group as R1, R2 or R3.

8.3(b)(2) **Retention Index Group Make-up.** Retention index groups shall be comprised of employees with identical job classifications and SMCs. Employees with identical job classifications and SMCs are to be grouped so as to keep to the lowest practicable minimum the number of separate groups in each Major Organization. All the employees in a retention index group shall be in the same Major Organization, or principal subordinate organization as appropriate.

8.3(b)(3) **Review Process.** The Company will determine the retention rating of each employee, the members of management who will participate in retention index reviews, the retention index groups to be used, the timing, and the other details of such reviews. Members of management participating in the reviews will be instructed by the Company to make retention rating assignments with care, giving full consideration to the objective stated in 8.3(a) and 8.3(b). Such instructions will stress that retention ratings are to be assigned without regard to potential adjustments for Company service as provided for in 8.3(b)(5). It is recognized that any practicable process of assigning a retention rating to each employee cannot be completely free of error as to method used or as to resulting retention rating, taking into account: the large numbers of employees, job classifications and SMCs, organizations and requirements involved; the fact that numerous management representatives necessarily must participate in the process; and that many of the factors which must be dealt with are intangible in nature. The review process shall not be subject to the grievance and arbitration procedure; however, an employee may appeal the employee's assigned retention rating as provided in 8.3(b)(7).

8.3(b)(4) **Distribution.** Each employee will be assigned a retention rating such that, as nearly as is mathematically practicable, and except as provided in 8.3(b)(8), the retention rated distribution for each job classification and SMC within each retention index group is R1 - 38 to 42%, R2 - 38 to 42%, and R3 - 18 to 22%. Employees classified as Technical Principals shall not be subject to those distribution requirements.

Since personnel transactions will occur subsequent to each periodic retention index review, it shall not be necessary to maintain this distribution during intervals between periodic reviews.

1 8.3(b)(5) **Adjustments for Company Service.** As a part of each periodic retention index review,
2 and immediately following completion of the distribution procedure set forth in 8.3(b)(4), the
3 retention rating of certain employees will be adjusted in compliance with the following:
4

5 Employees with twenty (20) or more but less than thirty (30) years of Company service
6 whose assigned retention rating is R3 will be given an adjusted retention rating of R2.
7 Employees with thirty (30) or more years of Company service whose assigned retention
8 rating is R2 or R3 will be given an adjusted retention rating of R1. Such adjustments will
9 be reflected in the written notification to each employee described in 8.3(b)(6). (Employees
10 who reach the aforementioned Company service dates between periodic retention index
11 reviews will receive an adjusted retention rating accordingly.) Notwithstanding the above
12 adjustments, management shall be obligated to protect employees with an unadjusted R1
13 retention rating from being laid off ahead of employees with an adjusted R1 retention rating
14 in the same job classification and SMC.
15

16 The adjusted retention rating shall apply as regards the layoff sequence described in 8.3(d).
17 Employees designated pursuant to the process described in the Letter of Understanding entitled
18 "Designated Employees" (Attachment 14) for two (2) consecutive retention index reviews will not
19 be eligible for service adjustments upon receipt of the second designation. Such employees may
20 appeal their designation using the process described in 8.3(b)(7).
21

22 8.3(b)(6) **Employee Notification.** Following each periodic retention index review, the Company
23 will provide each employee with a written notification of the employee's retention rating prior to the
24 effective date, except where such is made impracticable due to the unavailability of the employee
25 or the supervisor occasioned by vacations, travel assignments, etc. In such circumstance the
26 notification will be given as soon as practicable. In addition, management will offer to discuss the
27 new retention rating with employees. The written notification will contain the following elements:
28

29 8.3(b)(6)a The employee's job classification and SMC,
30

31 8.3(b)(6)b The employee's retention rating prior to and following any adjustment under
32 8.3(b)(5),
33

34 8.3(b)(6)c The number of employees in each of the three (3) retention index categories [as
35 adjusted under 8.3(b)(5)], within the employee's retention index group and the total
36 number of employees in the job classification and SMC within the Major Organization or
37 principal subordinate organization or program, as appropriate under the provisions of 8.3(b)(2),
38

39 8.3(b)(6)d The effective date, and
40

41 8.3(b)(6)e The name of the member of management who chaired the review (Management
42 Captain).
43

44 8.3(b)(7) **Retention Rating Appeals.** An employee who feels the retention rating assigned
45 during the periodic retention index review is inappropriate may at any time discuss the matter
46 with his or her immediate supervisor. If within thirty (30) calendar days following notification
47 of the assigned retention rating the employee elects to appeal the rating, and discussion with the
48 immediate supervisor has not resolved the employee's concern, certain ratings may be appealed
49 for further review as provided below:
50

51 8.3(b)(7)a The assigned retention rating represents a one (1) or more position drop from
52 the previous assigned rating, and it is substantiated that the drop is not due to the effect of
53 workforce reduction and/or consolidation of retention index groups.
54

55 8.3(b)(7)b The employee has remained in the same job classification and SMC and been
56 assigned a retention rating of R3 during four (4) or more consecutive retention reviews.

8.3(b)(7)c The employee so affected will address his or her concerns in writing to the Union
setting forth the basis for such appeal.

8.3(b)(7)d If the Union believes the employee's appeal warrants further review, the Union
will notify the Workforce Administration Manager of the applicable Major Organization
within ten (10) workdays of receipt of the employee's appeal.

8.3(b)(7)e Within ten (10) workdays following such notice, a Skill Team/Functional
Human Resources representative (not previously involved in the assignment or appeal of the
retention rating), the appropriate organization Human Resources Representative and a
Union Representative will meet to resolve the appeal. Pertinent information may be
obtained from the employee, the immediate supervisor, and/or the Management Captain for
this meeting.

8.3(b)(7)f The parties identified in 8.3(b)(7)e, above, will resolve the appeal by majority
decision at the meeting or within five (5) workdays thereafter. In the event the Union
considers the decision to be inappropriate to the facts of the case, the Union may advance
its appeal to the Senior Workforce Manager for the Major Organization. Resolution by
majority decision or by decision of the Senior Workforce Manager will be final and binding
and will conclude the appeal process.

8.3(b)(7)g If the result of an appeal over a two (2) position drop in retention rating level is
in favor of the employee, one of the following options may be selected as determined by
Company and Union representatives:

- Restoration to the previous retention rating of R1, or
- Modification of the assigned retention rating to R2.

8.3(b)(8) **Student Engineers.** All employees in Student Engineer job classifications will not be
included in or subject to the periodic retention index review.

8.3(c) **Out-of-Sequence Retention Index.**

8.3(c)(1) The retention rating of an employee who is reclassified between periodic retention
index reviews will not change except as follows:

8.3(c)(1)a With a reduction in level within a job family, the employee will automatically
receive a retention rating of R1 until the next retention index review.

8.3(c)(1)b With an increase in level within a job family, the employee will automatically
receive a retention rating of R3 until the next retention index review.

8.3(c)(2) An employee who returns from leave of absence between periodic retention index
reviews shall retain the same retention rating as before the leave of absence until management
assigns the employee a different retention rating and so notifies the employee.

8.3(c)(3) An individual who transfers into the bargaining unit or returns from layoff
between periodic retention index reviews shall automatically be assigned retention rating
R3 until management assigns the employee a different retention rating and so notifies the
employee.

8.3(c)(4) An individual who returns from layoff shall be assigned the retention rating of record
at the time of layoff, providing there has not been a retention index review during the layoff
period. The individual will automatically be assigned retention rating R3 if a retention index
review has been conducted during the layoff period.

1 8.3(c)(5) The out-of-sequence retention rating assigned under the provisions of 8.3(c)(1)
2 through 8.3(c)(4) will be reaffirmed or superseded by the retention rating assigned during the
3 next periodic retention index review.
4

5 **8.3(d) Redeployment Procedures.**
6

7 **8.3(d)(1) Application.** When a workforce reduction is determined by management to be
8 necessary within one or more job classification(s) and SMC(s) in a Major Organization,
9 management will follow the applicable provisions of Article 9 and designate for layoff the required
10 number of employees within such job classification(s) and SMC(s), beginning with the lowest
11 retention rating. Exceptions to the designation for layoff may be made by the Company where it
12 desires to retain a maximum of 10% or one employee, whichever number is greater, of employees
13 who are retention rated R3; 10% or one employee, whichever number is greater, of employees who
14 are retention rated R2; and 10% or one employee, whichever number is greater, of employees
15 who are retention rated R1 within an affected classification in the Major Organization as of the
16 time of the most recent retention index review.
17

18 Further rounding is permitted within the following parameters:
19

- 20 1 to 14 employees = one (1) employee may be subject to the 10% exception;
- 21 15 to 24 employees = two (2) employees may be subject to the 10% exception;
- 22 25 to 34 employees = three (3) employees may be subject to the 10% exception; etc.
- 23

24 Employees designated for layoff who are in Level 2 or B and above shall receive a downgrade offer
25 as an option to layoff, if, within the same Major Organization, there are lower level employees
26 (regardless of retention rating) within the same job activity code.
27

28 **8.3(d)(2)** Nothing in this Article is intended to preclude management from using other actions,
29 such as employee transfers, reclassifications, reassignments, or combinations thereof, based on
30 the employee's knowledge, skills, and abilities, which are not inconsistent with the terms and
31 conditions set forth in this Agreement, in order to avoid or reduce the necessity to initiate or carry
32 out workforce reductions.
33

34 **8.3(d)(3)** Employees on travel status may not be laid off while on such status. Such employees
35 shall not be counted among or reduce the number of exceptions permitted by the provisions of
36 8.3 nor shall their retention rating prevent the layoff or downgrade of employees with higher
37 retention ratings who are otherwise subject to such action.
38

39 **8.3(d)(4)** Employees designated by the Company for special training in programs approved by the
40 Major Organization Director of Human Resources will be assigned a unique SMC in accordance
41 with the Letter of Understanding entitled "Retraining Skill Transition" (Attachment 26).
42

43 **8.3(d)(5)** Employees laid off after refusing less than equivalent job offers made as a result of
44 redeployment activities will be considered involuntary layoffs and will be eligible for layoff
45 benefits as defined in Article 21.
46

47 **8.3(d)(6)** During periods of surplus activity, the Company may make available programs intended
48 to mitigate the impact of layoffs. The Company will advise the Union of these programs and their
49 availability.
50

51 **8.3(e) Exceptions to Foregoing Procedures.**
52

53 **8.3(e)(1)** The Company may lay off employees without regard to the provisions of the layoff
54 procedures set forth in 8.3, provided the number of such layoffs per month does not exceed
55 0.25% (one quarter of one percent) of the total number of employees employed in the
56 bargaining unit on the first day of that month.

1 **8.3(e)(2)** In instances where in the opinion of the Company the layoff procedures set forth in
2 8.3 do not achieve the objectives stated in 8.3(a), exceptions thereto, without any limitation as to
3 the number, may be made when approved by the Chief Executive Officer or designated
4 representative. It will be the responsibility of any supervisor who recommends such an exception
5 to prepare and transmit through the line organization to the Major Organization Manager, and
6 then to the Office of the Chief Executive Officer or designated representative, a detailed report
7 of the proposed exception(s) and the reasons therefor. An explanation, prior to implementation,
8 will be provided to the Union.
9

10 **Section 8.4 Layoff Status and Return to Active Employment.**
11

12 **8.4(a) Maintenance of Layoff Status.**
13

14 **8.4(a)(1)** Each employee laid off under the provisions of this Article will remain on layoff
15 status for a total period of three (3) years from the date the layoff was effective, subject to
16 8.4(a)(2).
17

18 **8.4(a)(2)** An employee shall remain on layoff status in accordance with 8.4(a)(1), provided he
19 or she does not:
20

21 **8.4(a)(2)a** Reject consideration for employment; for example, fail to respond to a Company
22 contact, letter of interest, or formal offer from the Company of a job within ten (10)
23 workdays after such contact by the Company or by such later date as may be stipulated
24 by the Company, or
25

26 **8.4(a)(2)b** Refuse a formal offer from the Company for a full-time job within the bargaining
27 unit or in the same labor market area from which laid off, for which the salary and level offered
28 is equal to or greater than the employee's salary at the time of layoff plus the cost of living
29 adjustment in effect at the time of layoff, or
30

31 **8.4(a)(2)c** Fail to report to work within ten (10) workdays following acceptance of a formal
32 Company offer or on such later date as may be stipulated in the Company offer, or
33

34 **8.4(a)(2)d** Elect retirement under the Company Retirement Plan thereby removing
35 themselves permanently from layoff status.
36

37 **8.4(a)(3)** Employees removed from layoff status for any reason other than retirement or
38 expiration of the three (3) year period following layoff will be notified in writing of such removal,
39 and the reasons therefor, by the Company.
40

41 **8.4(a)(4)** Laid off employees who are prevented from meeting the conditions described in
42 8.4(a)(2)a, 8.4(a)(2)b, 8.4(a)(2)c, or 8.4(b)(4) solely due to medical disability, verified to the
43 Company's satisfaction by their personal physician, shall upon request be granted a waiver for the
44 missed requirement(s).
45

46 **8.4(b) Return to Active Employment.**
47

48 **8.4(b)(1)** It is a mutual objective of the Company and the Union that laid-off employees
49 who have not been determined ineligible under 8.4(b)(3), 21.3(a), or the Letter of
50 Understanding entitled "Designated Employees" (Attachment 14) be recalled to active
51 employment, and a mutual desire that such recall into the Major Organization from which
52 the employee was laid off be offered in approximate reverse order of layoff. Accordingly,
53 employees on file for recall pursuant to 8.4(b)(4) will be offered return to active employment
54 within the applicable job classification and SMC in approximate reverse order of layoff, prior
55 to workforce additions from sources external to the Company, subject to the following
56 limitations:

1 8.4(b)(1)a Nothing in 8.4 will preclude the Company from hiring from sources outside the
2 Company when projected requirements exceed the number of employees in applicable job
3 classification(s) and SMC(s) on file pursuant to 8.4(b)(4) who are eligible for an offer of
4 recall.

5 8.4(b)(1)b In making recall and hiring decisions, the Company will review the specific
6 qualifications of individuals on the basis of product familiarity, specialized experience or
7 education, customer requirements, and the need to achieve the most efficient and accurate
8 match of individual capabilities to job requirements. Consequently, not all Company
9 decisions relating to recall and hiring can promote the mutual objective and desire stated
10 above. Such decisions will not be subject to Article 3.

11 8.4(b)(2) The Company periodically will review with the Union the operation of 8.4(b)(1) in
12 order to facilitate achievement of the mutual objective and desire stated above.

13 8.4(b)(3) Prior to layoff the Company will review employees to determine eligibility for
14 reemployment consideration under 8.4(b)(1). The review will be limited to those employees for
15 whom there is supporting documentation of performance deficiencies and/or a pattern of
16 unacceptable conduct. The review will be performed by the cognizant Skill Team Captain for the
17 employee's job classification and SMC. Based on the review, the employee will be advised no later
18 than the time the layoff notice is issued as to his or her eligibility for reemployment consideration
19 under 8.4(b)(1). An employee determined ineligible may appeal such determination to the
20 cognizant Skill Team Captain. If the appeal does not resolve the matter, the employee may then
21 file a grievance in accordance with Article 3. Such grievance shall be limited to the first three (3)
22 steps of the grievance procedure and shall not be subject to arbitration.

23 8.4(b)(4) Within forty-five (45) days of layoff, the employee must file for priority consideration
24 for return to active employment. The Company will maintain a list of the names of all laid-off
25 employees, except those determined ineligible under 8.4(b)(3), those who have received layoff
26 benefits as a lump sum under 21.3(a), and those identified under the Letter of Understanding
27 entitled "Designated Employees" (Attachment 14). In order to maintain such recall status, the
28 employee must keep the Company informed of his or her interest in returning to active
29 employment by submitting a letter so stating. The employee must register by letter once each
30 consecutive calendar half-year period (January through June; July through December) during the
31 three-year period from the date of layoff. Registration letters must be received within forty-five
32 (45) days prior to the expiration of the current half-year period and contain the individual's name,
33 social security number, address, and telephone number. Individuals who do not properly
34 register in each calendar period will be removed from the priority consideration eligibility list.
35 Failure to register properly will result in priority consideration being revoked for the remainder
36 of the three-year period. Eligible employees on file for return to active employment are subject to
37 the provisions of 8.4(a).

38 8.4(b)(5) If any employee on layoff status disputes his or her recall status as reflected in
39 Company records, Company records shall prevail unless the employee can produce either

40 (a) a Company receipt, or

41 (b) a properly addressed U.S. Postal Service return receipt evidencing filing of the registration
42 letter during the calendar period in question.

43 8.4(c) **Salary and Level of Returning Laid-Off Employees.** Company offers to laid-off employees
44 for return to active employment will be extended at whatever salary and level is deemed by
45 management to be appropriate. Rejection of a formal Company offer for a position outside the
46 bargaining unit or a labor market area other than from which laid off, or at a salary lower than
47 the employee's salary at time of layoff, or a level lower than the level from which laid off, will not
48 be cause for removal from layoff status.

1 8.4(d) Employees who remain on layoff status for the full period specified in 8.4(a)(1) will for a
2 period up to six (6) years from the date the layoff was effective remain eligible for certain additional
3 retirement benefits as specified in the Retirement Plan.

4 8.4(e) The Company will maintain a record of all laid-off employees who are on layoff status under
5 the above provisions.

6 Section 8.5 General Provisions.

7 8.5(a) **Compensable Injuries.** Any employee who has been wholly or partially incapacitated for that
8 employee's regular work by compensable injury or compensable occupational disease while in the
9 employ of the Company may, while so incapacitated, be employed in work which the employee can
10 do without regard to the provisions of this Agreement. The Union shall be notified of persons to
11 whom this waiver applies and the effective dates of such waiver.

12 8.5(b) **Veterans.** The Company and the Union, recognizing that the reemployment rights of employees
13 entering or inducted into the Armed Forces of the United States are the subject matter of legislation, agree
14 that nothing contained in this Agreement will preclude the Company from reemploying such employees
15 in compliance with provisions of applicable laws.

16 8.5(c) This Article 8, subject to 8.5(d), applies and refers separately to employees within each of the
17 three bargaining units described in Article 1, except that (1) the provisions of Article 8 shall be applied
18 separately to Edwards AFB, California and Palmdale, California combined, and (2) an employee at
19 Edwards AFB or Palmdale who has transferred to either California assignment from a SPEEA-
20 represented position in Washington will be treated for purposes of eligibility for retention at
21 Washington as though surplus from the Major Organization with which the employee was
22 identified immediately prior to transfer to Edwards AFB or Palmdale and in accord with the retention
23 provisions of this Agreement.

24 8.5(d) **Transfer Return Rights.** An employee who is transferred by the Company from one of the
25 units described in Article 1 to another, and at the time of such transfer is accorded return rights by the
26 Company in writing, will not be laid off while assigned at such other unit, but will be transferred back
27 to the original unit in accordance with the return rights previously accorded by the Company. An
28 exception will be made if the employee elects to be laid off, in which case the employee will waive
29 transfer return rights.

30 8.5(e) **Hiring of Employees on Part-Time Work Schedules.** The Company will not hire new
31 employees into the bargaining unit on part-time work schedules and will not normally approve
32 part-time work schedules for employees with less than two (2) years of Company service; provided,
33 however, that the Company may rehire retirees on part-time schedules. Approval of part-time work
34 schedules may be revoked at any time at management's discretion.

35 ARTICLE 9 36 CONTRACT PERSONNEL

37 Section 9.1 **Purpose.** The Company and the Union recognize that Contract personnel are a practical
38 source of skilled temporary labor that allows the Company to acquire skilled engineering and technical
39 support in a timely manner. The Company and Union recognize that requirements for experienced
40 Contract personnel must be balanced with the need to build and maintain the Boeing experience base and
41 to support our mutual objective of workforce stabilization by minimizing employee layoffs.

42 Section 9.2 **Definition.** The term "Contract personnel" refers to temporary personnel provided by
43 another business entity to perform work on Company premises under the daily control and supervision of
44 Company management. The business entities that provide Contract personnel normally are in the
45 business of providing temporary services (such as temporary employment agencies and staffing firms).

Sources of contract personnel may also include businesses in the aerospace or related fields that make their employees available for temporary labor (so-called "industry assist" arrangements). Excluded from the definition of Contract personnel are consultants and their employees and employees of subcontractors or vendors.

Section 9.3 Procedures and Limitations.

9.3(a) The Company shall notify the Union of the basis for the need, the approximate number of Contract personnel required, and the job family and skills management codes normally held by employees performing the type of work involved.

9.3(b) If based on a variety of factors (including but not limited to the nature of the assignment, the status of the program, the overall need for the skills at issue, and the purpose of using Contract personnel described above) the Company needs the skills supplied by Contract personnel on a long-term basis, the position shall be made available in accordance with the Boeing job posting process.

9.3(c) The Company and the Union agree that it is normally inappropriate to hire Contract personnel as direct hires in periods of surplus activity within a job family and skills management code. Deviations will be subject to approval by the appropriate senior level executive for the Major Organization. The granting of a deviation to allow such hiring shall not be subject to the grievance and arbitration procedure of Article 3.

9.3(d) The Joint Workforce Committee will review the duration of Contract personnel assignments as requested by the Union.

9.3(e) Contract personnel shall not be authorized to make decisions normally associated with management responsibility including salary determination, retention and discipline.

9.3(f) No employee with an assigned retention rating of R1 or R2 shall be laid off from a surplussing Major Organization while Contract personnel are still employed in that job family and skills management code within that, or any other, Major Organization. No employee from a surplussing Major Organization shall be laid off while Contract personnel are still employed in that job family and skills management code within that Major Organization, except those employees as to whom there is supporting documentation of performance deficiencies.

9.3(g) Exceptions to this Article to avoid significant disruption or impact on committed packages of work will require the approval of the Senior Workforce Manager for the Major Organization. Notification will be provided to the Union as soon as practicable.

Section 9.4 Data. The Company shall supply the Union on a monthly basis with data that displays the number of contract personnel utilized by job code and Major Organization, so that compliance with all limitations identified in 9.3 can be monitored. The data shall include names, BEMS identification numbers, work location, job title, group/organization name, contract labor type codes, and start dates.

**ARTICLE 10
JOINT MEETINGS**

Section 10.1 Joint Meetings.

10.1(a) Should either party desire to discuss with the other any matter affecting generally the relationship of the parties, a meeting of Union and management representatives shall be arranged upon request of either party. Such meeting shall take place at a time mutually convenient to both parties. Any use of Company time for attendance at such meetings shall be arranged in advance by mutual agreement.

10.1(b) This Article is intended to provide a free avenue of communication between the Union and the Company, and suggestions, complaints, or other matters may be presented by either party, provided that neither party shall be required to discuss any item brought up by the other party nor be bound to act upon any item presented. However, both parties agree to discuss informal grievances and complaints.

**ARTICLE 11
WORK SCHEDULES - PAY RATES - OVERTIME - TEMPORARY
MILITARY LEAVE - JURY DUTY AND WITNESS SERVICE**

Section 11.1 Full Time Work Schedules.

11.1(a) Each employee working full time shall be assigned one of the following work schedules:

- (1) **Category 1 Weekday Schedule:** 40 hours in a workweek with regular workdays during the Monday through Friday period.
- (2) **Category 1 Weekend Schedule:** 40 hours in a workweek with Saturday and/or Sunday as a regular workday.
- (3) **Category 2 Weekday Schedule:** Less than 40 hours in a workweek with regular workdays during the Monday through Friday period.
- (4) **Category 2 Weekend Schedule:** Less than 40 hours in a workweek with Saturday and/or Sunday as a regular workday.

WORK SCHEDULES

Schedule Hours	Category One Schedules of 40 hours in a workweek		Category Two Schedules of fewer than 40 hours in a workweek	
	Weekday	Weekend	Weekday	Weekend
Shift	Incentives			
First	None	Weekend Rate	Schedule Factor	Weekend Rate Schedule Factor
Second	Shift Rate	Shift Rate Weekend Rate	Shift Rate Schedule Factor	Shift Rate Weekend Rate Schedule Factor
Third	Shift Rate Shift Percentage	Shift Percentage Shift Rate Weekend Rate	Shift Rate Schedule Factor	Shift Rate Weekend Rate Schedule Factor

INCENTIVES DEFINITIONS

Shift Percentage Maintains "equity" with 3rd shift 6.5 hour schedule	Shift Rate Working other than 1st shift	Weekend Rate Working on a Saturday/Sunday as a regular day	Schedule Factor Works less than 40 hours, paid for 40
23%	\$.75 per hour	Sat. or Sun. \$1.50 Sat. & Sun. \$2.00	Pay period hours/ Scheduled hours

Employees may, at their request and with management's approval, work any of the above schedules. Management will staff Weekend Schedules with volunteers.

11.1(b) Employees may, at their request and with management's approval, make a temporary modification of their work schedule through movement of hours from one (1) day to another within a 40-hour workweek. Employees whose fourteen (14) day work schedule provides an alternating weekday off through a pattern of fixed nine (9) hour days followed by an eight (8) hour day (commonly referred to as a "9/80" work schedule) may not redistribute their hours.

11.1(c) The Company will attempt to establish work schedules with at least two (2) days designated as days of rest.

Section 11.2 Shifts and Lunch Periods.

11.2(a) Each employee shall be assigned to a definite shift with designated beginning and ending times. All work schedules provide a fixed unpaid meal period to start not more than five (5) hours after start time, consisting of a forty (40) minute lunch period, ten (10) minutes of which shall be paid time and thirty (30) minutes of which shall be unpaid. Employees working in excess of an eleven (11) hour shift are entitled to a second unpaid meal period; to start not more than eight (8) hours after start time, consisting of a minimum of thirty (30) minutes. Meal periods will be paid if the employee is not fully relieved of his or her duties.

11.2(b) The Company may assign an individual employee or groups of employees to any shift to meet operational requirements. The following shift identification will apply:

- (1) A shift which begins at any time between 4:00 a.m. and 11:59 a.m. (both times inclusive) will be designated as first shift.
- (2) A shift which begins at any time between 12:00 noon and 7:59 p.m. (both times inclusive) will be designated as second shift.
- (3) A shift which begins at any time between 8:00 p.m. and 3:59 a.m. (both times inclusive) will be designated as third shift.

11.2(c) Report Time. A full-time employee who, in accordance with instructions, reports for work on his or her assigned shift will be paid at base salary and any applicable shift bonus for no less than the scheduled hours for that shift. If the employee works his or her assigned shift or portion thereof and also reports, in accordance with instructions, for one or more additional separate work periods on the same day, he or she will receive a minimum of four (4) hours pay at base salary for each such work period. If a full-time employee, in accordance with instructions, reports for one work period on a scheduled day of rest or on a holiday, he or she will receive a minimum of eight (8) hours pay at base salary for that work period. If the employee, in accordance with instructions, reports for one or more additional separate work periods on the day of rest or holiday, he or she will receive a minimum of

four (4) hours pay at base salary for each such work period. These minimum report time requirements will not apply in case of emergency shutdown arising out of any condition beyond the Company's control. Employees who leave work of their own volition or because of incapacity (other than industrial injury or illness), or are discharged or suspended after beginning work, will be paid only for the number of hours actually worked during that day.

Section 11.3 Part-Time Employees. Any employee whose work schedule consists of a seven (7) day cycle with fixed days and hours of work that are less than forty (40) hours over a regular workweek, or a fourteen (14) day cycle with fixed days and hours of work that are less than eighty (80) hours over two (2) regular workweeks, and is not on a Category 2 Schedule, shall be considered as a part-time employee and shall be subject to all provisions of this Agreement except as otherwise provided in 11.3(a) through 11.3(d).

11.3(a) Shifts and lunch periods for part-time employees will be assigned in accordance with Company procedures and will not be subject to 11.2. Meal periods will be paid if the employee is not fully relieved of his or her duties.

11.3(b) Work Schedule Incentives. Employees assigned to second or third shift may receive a shift rate and a schedule factor incentive. Employees are not eligible to receive the weekend rate incentive.

11.3(c) 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 the calendar day or hours scheduled on the respective holiday.

11.3(d) Overtime. The provisions of 11.8 do not apply to part-time employees. Employees will be paid overtime for hours in excess of forty (40) compensated hours in a workweek. All overtime, except on holidays, will be paid at time and one-half. Hours worked on a holiday will be paid at double time.

11.3(e) Jury Duty and Witness Service. Employees are eligible for jury duty and witness service 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.

Section 11.4 Pay Rates and Cost of Living Adjustments.

11.4(a) Selective Salary Adjustments.

11.4(a)(1) The Company will establish three (3) selective salary adjustment funds in accordance with the dates set forth in Table I:

TABLE I

SELECTIVE SALARY ADJUSTMENT FUND COMPUTATION DATES, EFFECTIVE DATES AND INCREASE PERCENTAGES

Review Period	Beginning Date	Fund Computation Date	Increase Effective Date	Ending Date	Increase Percentage	Minimum Increase
1	12/2/02	1/24/03	3/7/03	3/7/03	4%	2.0%
2	3/8/03	1/23/04	3/5/04	3/5/04	4%	2.0%
3	3/6/04	1/21/05	3/4/05	3/4/05	4%	2.0%

11.4(a)(2) Base salaries of eligible employees will be increased from a fund computed by multiplying the Increase Percentage by the total salaries of eligible employees. All eligible employees will participate in the selective review with minimum increases given as indicated in

Table I. All increases will be effective on the Increase Effective Date of the review period and will be rounded to the nearest \$50. Eligible employees are those classified in the bargaining unit and on the active payroll on both the Fund Computation Date and the Increase Effective Date.

11.4(a)(3) The Company in its sole discretion may selectively increase base salary rates of individual employees on effective dates other than the Increase Effective Dates in Table I (out-of-sequence increases).

11.4(b) Cost of Living Adjustments.

11.4(b)(1) Employees eligible to participate in the selective adjustment funds under 11.4(a) may also 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 11.4(b). The terms, definitions, and limitations stated in 11.4(a) and 11.4(b) also apply to such adjustments. Cost of Living Adjustments would be delivered to each eligible employee separately from those selective adjustment funds derived in 11.4(a). Cost of Living Adjustments would be effective on the dates specified in Table II.

11.4(b)(2) Determination of Cost of Living Adjustments shall be made in reference to the series U.S. city average "Consumer Price Index Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics, U.S. Department of Labor, with the following base period: 1982-1984 = 100, such Index being referred to herein as the BLS Index.

11.4(b)(3) Computations will be made using the three (3) month average of the BLS Index for July, August and September, 2002 (176.6), as the base period.

11.4(b)(4) During the life of this Agreement, Cost of Living Adjustments shall be computed using the three (3) month average of the BLS Index for the periods specified in Table II and the corresponding BLS Index threshold values expressed as percentage increases over the 2002 base period. The formula will be: percentage of Cost of Living Adjustment equals fifty (50) percent of the percentage increase in the BLS Index, from the 2002 base period to the BLS Index Comparison Quarter, that exceeds the BLS Index Threshold Percentage shown in Table II. In order to preclude recognition, on more than one effective date, of the same percentage increase in the BLS Index, any recognition on one effective date of a percentage increase over the applicable BLS Index Threshold Percentage will cause that percentage to be set aside and disregarded in ensuing computations. [E.g., if the BLS Index for October, November, and December, 2002 represented a 12.0 percent increase over the base period (yielding a 2.0 percent Cost of Living Adjustment effective 3/7/2003), no Cost of Living Adjustment would result for the 3/5/2004 effective date unless, and to the extent, the BLS Index for October, November, and December, 2003 represented an increase in excess of 20.3 percent over the base period.] BLS Index three-month averages, BLS Index increase percentages, and salary increase percentages will be rounded to the nearest tenth, with five hundredths rounded upward to the nearest tenth.

Effective Date of Adjustment	TABLE II	
	BLS Index Comparison Quarter	BLS Index Threshold Percentage
3/7/2003	Oct, Nov, Dec 2002	8.0%
3/5/2004	Oct, Nov, Dec 2003	16.3%
3/4/2005	Oct, Nov, Dec 2004	25.0%

11.4(b)(5) In connection with each of the effective dates in Table II, the computations set forth in 11.4(b)(4) will be made.

11.4(c) For payroll computation purposes, hourly rates of pay will be computed on the basis of 2080 compensable hours each calendar year.

11.4(d) Rate Ranges.

11.4(d)(1). The Level minimums are set forth in Table III below and will be in effect March 7, 2003.

**TABLE III
MINIMUM SALARIES**

Level	Minimum
1	30,000
2	32,500
3	37,500
4	46,500
5	55,500
A	25,000
B	29,000
C	35,000
D	40,000

11.4(d)(2) The Company in its sole discretion may increase the range minimums shown in Table III.

Section 11.5 Incentives.

11.5(a) An employee assigned to the second or third shift shall receive a shift rate incentive of seventy-five (75) cents per hour which shall be added to his or her base salary and made a part thereof.

11.5(b) An employee assigned to either Saturday or Sunday as a regular day of work shall receive \$1.50 per hour added to his or her base salary and made a part thereof while so assigned. An employee assigned to both Saturday and Sunday as regular days of work shall receive \$2.00 per hour added to his or her base salary and made a part thereof.

11.5(c) Employees assigned to a Category 2, Schedule shall receive a schedule factor incentive equivalent to the difference between the hours scheduled and forty (40) hours in a workweek.

11.5(d) Employees assigned to a Category 1 schedule and identified to receive the "shift percentage" shall receive twenty-three (23) percent of their base rate, which shall be added to their base salary and made a part thereof.

Section 11.6 Temporary Military Leave. 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 or her normal straight time earnings, including shift differential where applicable, up to a maximum of eighty (80) hours each military service fiscal year. The amount due the employee under this 11.6 shall be reduced by the amount received from the government body identified with such active or temporary special duty, 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 the state or federal government. An employee who elects to work or use available vacation credits while on temporary active duty shall not be eligible for military pay differential for that period.

Beginning with the military fiscal year starting October 1, 2000, the following provisions will apply:

Members of a reserve component of a uniformed service ordered to annual active duty are eligible for military differential pay up to a maximum of eighty (80) hours each military fiscal year (October 1 - September 30).

Members of a reserve component of a uniformed service ordered to temporary special duty under Military U.S. Code Title 10 or mobilized by the applicable state agency are eligible for military differential pay up to a maximum of ninety (90) calendar days for each occurrence.

Employees will retain all compensation received from the uniformed services. If this compensation is less than their regular Company pay (base rate plus applicable additives), the Company will provide pay equal to the difference between the employee's base rate (plus applicable additives) and the compensation received from the uniformed services. This pay will be provided upon receipt of the employee's leave and earnings statement. Subsistence (does not include quarters), uniform, and travel allowances will not be included in determining military pay.

Section 11.7 Jury Duty and Witness Service. Time off with pay, up to thirty (30) days each calendar year, will be granted for absence necessary for an employee to perform jury duty or witness service. The employee will retain all fees received. Time off with pay will not be granted if the employee:

1. Is subpoenaed as a witness against the Company or its interests.
2. Is subpoenaed as a witness as a direct party in the action.
3. Voluntarily seeks to testify as a witness.
4. Is subpoenaed as a witness in a case arising from or related to the employee's outside employment or outside business activities.

Deviations to this procedure must be approved by Company Offices Compensation and Benefits.

Section 11.8 Overtime.

11.8(a) The Company will attempt to meet its overtime requirements on a voluntary basis among the employees. In the event there are insufficient volunteers to meet the requirements, management may designate and require the necessary number of employees to work the overtime.

11.8(b) Category 1 Schedules. For time worked in excess of forty (40) compensated hours in a work week, other than the 2nd day of rest, an employee shall be paid one and one-half (1-1/2) times his or her base rate. All time worked on the second day of rest will be paid at double his or her base rate after forty (40) compensated hours in that work week. All overtime worked in excess of twelve (12) hours in a workweek will be paid at double his or her base rate.

11.8(c) Category 2 Schedules. For time worked in excess of scheduled and compensated hours in a work week, other than the 2nd day of rest, an employee shall be paid one and one-half times (1-1/2) his or her base rate. All hours worked on the second day of rest will be paid at double his or her base rate after scheduled and compensated hours in a workweek. All overtime worked in excess of twelve (12) hours in a workweek will be paid at double his or her base rate.

**ARTICLE 12
UNION OFFICIALS**

Section 12.1 Accredited Representatives.

12.1(a) The Union shall inform the Company in writing of the names and positions of its officials and, currently, any changes thereto. Only persons so designated to the Company will be accredited as representatives of the Union. Accreditation shall be effective on the third day following the Company's receipt of the notification.

12.1(b) Solicitation of Union membership, collection or checking of dues, or reading of Union newsletters or publications will not be permitted during working time. Distribution of Union

newsletters or publications will not be made during working time or in work areas. The Company agrees not to discriminate in any way against any employee for legitimate Union activity, but such activity shall not be carried on during working time except as specifically provided for in this Agreement.

12.1(c) Each employee, before leaving his or her assigned work on Union business, shall have authorization therefor from the Union and shall notify his or her supervisor prior to taking such leave. The Union shall provide to the designated Company Representative oral confirmation of such authorization at least one (1) day prior to such leave and written confirmation immediately thereafter. Such unworked time, limited to regular working hours, shall be charged to a special charge account number and the Union agrees to reimburse the Company at the employee's regular hourly rate for all such time so spent.

12.1(d) Grievance and Contract Administration.

12.1(d)(1) The Union shall investigate and adjust grievances and perform contract administration, in the work area, exclusively through Executive Board members and Council Representatives, who shall be employees, and Union Staff Representatives.

12.1(d)(2) Each Executive Board Member and Council Representative shall notify and obtain permission from his or her supervisor before leaving the work assignment for the purpose of investigating complaints or claims of grievance on the part of employees in his or her work area. Such permission shall be granted except where the supervisor considers such absence would seriously interfere with the performance of the group of which the representative is a part. Time spent on such approved investigations and discussions shall be considered work time provided such activity does not extend beyond the time that the supervisor considers reasonable under the circumstances. Any Executive Board Member and Council Representative in the conduct of his or her investigation, and before contacting an employee, shall obtain permission of the supervisor of such employee and advise the supervisor of the nature of the complaint or grievance and the estimated time required for the discussion. Such permission shall be granted except where the visit would seriously interfere with the work of the group. Except as provided in 12.1(e) and 10.1(a), all time lost from work due to such Union business shall be handled in accordance with 12.1(c).

12.1(d)(3) Access by Union Staff Representatives shall be governed by 12.2 below.

12.1(e) Leave of absence of at least thirty (30) days without pay shall be granted for the following reasons:

12.1(e)(1) Full-time employment by the Union or its national organization;

12.1(e)(2) Union business authorized by the Executive Board and approved in writing by the designated Company Representative, which approval shall not be withheld absent legitimate business circumstances.

The Company will reinstate employees on such leaves at not less than his or her former level and salary plus any general salary increases which occurred during the period of the leave of absence.

12.1(f) The Company and the Union recognize that each individual within the bargaining unit has a full-time work assignment for the Company and, if Union business impairs performance of such work assignment, the Company and Union agree to make arrangements to prevent such impairment in the future.

12.1(g) Executive Board and Council.

12.1(g)(1) The Union may designate one (1) Council Representative for each 200 employees, or major fraction thereof, in each Major Organization in the bargaining unit, plus one (1) Council

1 Representative for each mutually agreed outplant location with fewer than 100 employees. In
2 unique circumstances where maintaining such a ratio creates a hardship to the Union, the
3 Company will give due consideration to a written request from the Union for a waiver of the ratio
4 requirement.

5
6 12.1(g)(2) The parties will review annually, prior to Council elections, the number of Council
7 Representatives allowed under 12.1(g)(1). The number agreed upon as contractually allowable
8 during these reviews may not be reduced prior to the next such review except by mutual
9 agreement of the parties. Any increases to the number of Representatives must be in accordance
10 with 12.1(g)(1) and is also subject to mutual agreement of the parties.

11
12 12.1(g)(3) No more than seven (7) Executive Board members shall at any time be accepted by
13 the Company as accredited representatives of the Union.

14
15 12.1(g)(4) In the absence of a Council Representative for any reason, the Union may designate
16 a temporary substitute.

17
18 **12.1(h) Protection of Union Officials.**

19
20 12.1(h)(1) Executive Board members and Council Representatives shall not be laid off during
21 their respective terms of office except as described herein.

22
23 12.1(h)(1)a Council Representatives will be given a retention rating while serving during
24 their term of office that will be adjusted to indicate that the employee has the highest
25 retention rating in the applicable job family and skills management code. So rated, the
26 Representatives will be subject to, all terms and conditions of Article 8 of the parties
27 Agreements. Once the Representatives are no longer in office, the retention rating will be
28 readjusted to the otherwise applicable rating.

29
30 12.1(h)(1)b If Council Representatives are relocated, due to transfer or otherwise, out of
31 the district in which they were elected, the Representatives will continue to be protected from
32 layoff for the balance of their term of office so long as they remain recognized members of
33 the Council. Each designated Council position can be filled by only one member.

34
35 12.1(h)(1)c Layoff protection does not apply to Council Representatives who, at the time
36 of election or appointment, have received an active advance notice of potential layoff, unless
37 the Representative is running for reelection to a consecutive term of office.

38
39 12.1(h)(1)d Nothing herein precludes a Council Representative from requesting
40 voluntary or accelerated layoff.

41
42 12.1(h)(2) In the event management deems it necessary to involuntarily transfer or loan
43 a Council Representative, and other employees then represented by the Council Representative
44 would remain in the same job family and skills management code, when practicable the Company
45 will inform the Union of the proposed transfer or loan thirty (30) days prior to its effective
46 date and will discuss with the Union the feasibility of transferring or loaning another
47 employee.

48
49 **Section 12.2 Union Staff Representatives - Access to Plants.** Union Staff Representatives not employed
50 by the Company will be permitted access during working hours to areas in the Company's facilities where
51 employees in the bargaining units defined in Article 1 are assigned, to the extent government and customer
52 regulations permit. Such access shall be only for the purpose of investigating complaints or claims of
53 grievance on the part of employees or the Union and shall be subject to the following:

54
55 12.2(a) The Company shall be required to admit only those Staff Representatives who have been
56 agreed to in writing or as may be agreed to by the Company throughout the remainder of the

1 Agreement. Except for visits to the Corporate Union Relations Offices, Staff Representatives shall
2 notify the designated Human Resources organization of their contemplated visits.

3
4 12.2(b) Staff Representatives who are entitled to admittance to the Company's facilities shall sign in
5 where required through the Company designated organization at the plant or facility they desire
6 to enter. Upon being admitted, they shall proceed to the organization they wish to visit, contact
7 the supervisor then present, inform him or her of the purpose of their visit and obtain his or her
8 permission prior to contacting any employee in such organization. Such permission will be granted
9 except where there is a substantial reason for delaying the contact due to safety conditions or the fact
10 that a critical operation is in process. Upon leaving the plant or facility they shall sign out where
11 required and return any temporary identification badges which were issued for the purpose of the
12 specific visit.

13
14 12.2(c) The Company shall supply identification badges so that each Union Staff Representative can
15 have access during working hours to the areas in which Bargaining Unit employees are assigned. Staff
16 Representatives may retain their badges affording such access during the period they are assigned such
17 duties by the Union, subject to 12.2(a), 12.2(b), and 12.2(d) of this Agreement.

18
19 12.2(d) Staff Representatives who fail to comply with provisions of 12.2 shall forfeit their admittance
20 rights.

21
22 **Section 12.3 Union Staff Representative, Executive Board Member or Council Representative -**
23 **Security Interviews.** Each employee has the right, during a Security interview which the employee
24 reasonably believes may result in discipline, to request the presence of his or her Union Staff
25 Representative, Executive Board Member or Council Representative, if the Union Staff Representative,
26 Executive Board Member or Council Representative is available. If his or her Union Staff Representative,
27 Executive Board Member or Council Representative is not available, such employee may request the
28 presence of another immediately available Union Staff Representative, Executive Board Member or
29 Council Representative. If a Union Staff Representative, Executive Board Member or Council
30 Representative, pursuant to the employee's request, is present during such an interview, the Union Staff
31 Representative, Executive Board Member or Council Representative, in addition to acting as an observer,
32 may, after the Security representative has completed his or her questioning of the employee, ask additional
33 questions of the employee in an effort to provide information which is as complete and accurate as possible.
34 The Union Staff Representative, Executive Board Member or Council Representative shall not obstruct or
35 interfere with the interview.

36
37
38 **ARTICLE 13**
39 **UNION SECURITY**

40
41 **Section 13.1 Union Membership.** Subject to 13.2 below, and unless otherwise prohibited by applicable
42 state law, all employees within the bargaining units defined in 1.1 shall pay dues or an agency fee to the
43 Union within 31 days following the beginning of such employment, or within 31 days following the
44 execution of this Agreement, whichever is later, and shall thereafter maintain their dues or agency fee
45 paying status in good standing during the life of this Agreement, as a condition of continued employment.

46
47 **Section 13.2 Satisfaction of Obligation.** Employees who, under 13.1, are required to pay dues or an
48 agency fee to the Union may satisfy that obligation by periodically, but not less than quarterly, tendering
49 to the Union an amount equal to the Union's regular and usual monthly dues.

50
51 Employees who demonstrate sincere religious objection to the payment of such dues or an agency fee may
52 satisfy their obligations under 13.1 by paying sums equal to the Union's regular and monthly dues to a
53 tax-exempt nonreligious, nonlabor charitable organization.

54
55 **Section 13.3 Failure to Satisfy Obligations.** In the event an employee who, as a condition of
56 continued employment, is required under this Article to pay dues or an agency fee to the Union

1
2 ... A-41
3 ... A-41
4 ... A-44
5
6 ... A-45
7 ... A-45
8 ... A-45
9 ... A-46
10
11 ... A-46
12 ... A-46
13 ... A-46
14 ... A-46
15 ... A-46
16
17 ... A-47
18 ... A-47
19 ... A-47
20 ... A-47
21 ... A-47
22 ... A-48
23 ... A-48
24 ... A-51
25 ... A-52
26
27 ... A-53
28 ... A-53
29 ... A-54
30 ... A-54
31 ... A-54
32
33
34 ... A-55
35
36 ... A-55
37
38 ... A-61
39 ... A-61
40 ... A-61
41 ... A-61
42 ... A-61
43 ... A-62
44 ... A-62
45 ... A-62
46
47 ... A-63
48 ... A-63
49 ... A-63
50 ... A-64
51 ... A-64
52 ... A-64
53 ... A-64
54
55
56

1 but fails to do so, the Union will notify the Company in writing through the Company Offices Union
2 Relations Office, or through such other office as may be designated by the Company, of such employees'
3 delinquency. The Company agrees to advise such employee that his/her employment status with the
4 Company is in jeopardy and that his/her failure to meet this obligation under this Article within five (5)
5 days will result in the termination of his/her employment.
6

7 **Section 13.4 State Laws.** In regard to employees within those collective bargaining units covered by this
8 Agreement that are in states where application of a union security provision such as that stated in 13.1 is
9 not legally permitted as of the effective date of this Agreement: In the event the application of such
10 provision was to become permissible in such state during the effective period of this Agreement, such
11 provision then would become applicable to the affected collective bargaining unit in that state, and the date
12 that such provision became permissible would be used instead of the effective date of this Agreement.
13

14 **Section 13.5 Payroll Deduction for Union Dues.** The Company shall make payroll deductions for the
15 Union's regular and usual monthly dues or agency fee, upon receipt by the office designated by the
16 Company of a voluntary written assignment from the employee covering such deductions on a form
17 mutually agreed to by the Union and the Company. The list of such deductions will be itemized to include
18 each such employee's permanent employee number, name, and amount of deduction, and such itemization
19 will be forwarded to the Union. The regular and usual monthly dues shall either be in amounts that are
20 specified on such assignments, or pursuant to a written formula, submitted by the Union to the Company
21 which, in either case, the Company has approved in writing in advance as being administratively
22 practicable. The Company agrees to make monthly payroll deductions for Union dues for those
23 employees on travel assignment scheduled to be ninety (90) days or less who have a valid authorization
24 card on file, regardless of the employee's payroll classification while on such assignment.
25

26 **Section 13.6 Carry-over of Authorizations between Bargaining Units.** The Company will carry over
27 dues authorizations of employees among and between the bargaining units represented by the Union, i.e.,
28 where a valid authorization card is on file with the Company for an employee within a Union bargaining
29 unit and the employee thereafter is transferred directly to one of the other Union bargaining units and
30 the employee has not in the meantime canceled the authorization. The Company will also resume dues
31 deductions on behalf of employees who leave the bargaining unit and return within a 180-day period and
32 have a valid dues deduction authorization on file.
33

34 **Section 13.7 Indemnity and Waiver of Claims.** The Union will indemnify and hold the Company
35 harmless from and against any and all claims, demands, charges, complaints or suits instituted against the
36 Company which are based on or arise out of any action taken by the Company in accordance with or
37 arising out of the foregoing provisions of this Article 13. Both the Company and the Union will utilize
38 due diligence in administering and reviewing, respectively, the dues deduction system. In the event the
39 Union discovers administrative errors in the Company's administration of the system, the Union will give
40 the Company prompt and timely notice of same, whereupon the Company will endeavor to make
41 reasonable administrative corrections consistent with applicable state and federal law. Respecting Company
42 administration of the system, the Union expressly waives as against the Company any and all claims,
43 demands, suits, or other forms of liability that may arise out of or by reason of good faith action taken or
44 not taken by the Company for purposes of complying with this Article.
45

46 ARTICLE 14 47 STRIKES AND LOCKOUTS 48 49

50 **Section 14.1 Strikes and Lockouts.** The Union agrees that during the term of this Agreement, and
51 regardless of whether an unfair labor practice is alleged, (a) there shall be no strike, sit-down or walk-out
52 and (b) the Union shall not directly or indirectly authorize, encourage or approve any refusal on the part
53 of employees to proceed to the location of normal work assignment where no rare or unusual physical
54 hazard is involved in proceeding to such location. Any employee who violates this clause shall be subject
55 to discipline. The Company agrees that during the term of this Agreement there shall be no lockout of
56 employees covered by this Agreement. Any claim by the Company that the Union has violated this Article

or any claim by the Union that the Company has violated this Article shall not be subject to the grievance
procedure or arbitration provisions of this Agreement and the Company or the Union shall have the right
to submit such claim to the courts.

ARTICLE 15 VOLUNTARY INVESTMENT PLAN

Section 15.1 Continuation of Plan. Subject to the continuing approval of the Commissioner of Internal
Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and
to the provisions of 15.5, a Voluntary Investment Plan (hereinafter called the Plan) in the form as 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 15.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as
referred to in 15.1 means a continuing approval sufficient to establish that the Plan and related trust or
trusts are at all times qualified and exempt from income tax under Section 401(a), Section 401(k) and
other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the
Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant
governmental authorities referred to in 15.1 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 15.3 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 15.4 Plan Updates. The parties agree that innovations in technology and administrative
practices can give savings plan participants better access to information about their benefits, increased
investment options, timely on-line transaction capability and enhanced administrative features.
Accordingly, when the Company identifies administrative services that in its estimation reflect industry
best practices, the Employee Benefit Plans Committee has discretion to adopt these changes to the Savings
Plan. The Company will notify the Union in advance of implementation of any changes adopted by
the Employee Benefit Plans Committee.

Section 15.5 Changes to the Current Plan. Subject to action by the Company's Board of Directors
(or its delegate) and to the approvals specified in 15.2, all provisions of the Plan applicable to
employees covered by this Agreement are to remain unchanged with the exception of the following
amendments:

15.5(a) The employee contribution limit - for pretax and aftertax contributions combined - will
increase from fifteen (15) percent to twenty (20) percent of base pay.

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

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

Section 15.6 Required Plan Amendments. The Company reserves the right to amend the Plan to
satisfy all requirements of Section 401(a), Section 401(k) or any other applicable provision of the Internal
Revenue Code of 1986.

1 Section 15.7 Participant Elective Contributions Not Applicable for Other Purposes. It is acknowledged
2 that the election of a Member to convert a portion of his or her base pay under the terms of the Plan will be
3 effective for purposes of this Plan and will reduce the Member's compensation insofar as certain payroll taxes
4 may be applicable. However, for all other employment related purposes, including all of the Member's rights
5 and privileges under this labor agreement, his or her base pay or compensation will be considered as though
6 no election had been made.

7
8 **ARTICLE 16**
9 **GROUP BENEFITS**

10
11 **Section 16.1 Type of Group Benefits Package for Employees on the Active Payroll:** The Company
12 will continue until June 30, 2003, the Group Benefits Package agreed to in the collective bargaining
13 agreement of March 20, 2000, between the Company and the Union. Thereafter, the Company will
14 provide the life insurance benefits, accidental death and dismemberment benefits, short-term disability
15 benefits, medical benefits, and dental benefits for eligible employees and medical benefits and dental
16 benefits for covered dependents of eligible employees as summarized in the document entitled Attachment
17 A, effective July 1, 2003, or as otherwise stated, as the Group Benefits Package.

18
19 **Section 16.2 Cost of the Group Benefits Package for Employees on the Active Payroll.**

20
21 **16.2(a) Life, Accidental Death and Dismemberment, and Short Term Disability Benefits:** The
22 Company will pay the full cost of the Life Insurance, Accidental Death and Dismemberment, and
23 Short Term Disability Plans for eligible employees.

24
25 **16.2(b) Medical Benefits.**

26
27 **16.2(b)(1)** The Company and the Union are committed to controlling health care costs through
28 joint efforts under the Joint Benefits Discussion Group (Attachment 16). In support of these
29 efforts, the Company will continue to share the cost of medical coverage with employees at the
30 current contribution levels through December 31, 2003.

31
32 **16.2(b)(2)** Effective January 1, 2004, in regions where employees may choose between
33 coordinated care and/or health maintenance organization plans or the Traditional Medical Plan,
34 the Company will pay the full cost of the lowest-cost plan in the applicable region for eligible
35 employees and dependents. For those employees and dependents whose coverage is with
36 another plan, employees will contribute on a pretax basis ten (10) percent of the cost of the plan
37 the employee chooses.

38
39 **16.2(b)(3)** Effective July 1, 2004, in regions where employees may choose between coordinated
40 care and/or health maintenance organization plans or the Traditional Medical Plan, the Company
41 will pay the full cost of the lowest-cost plan in the applicable region for eligible employees and
42 dependents. For those employees and dependents whose coverage is with another plan,
43 employees will contribute on a pretax basis twelve (12) percent of the cost of the plan the
44 employee chooses.

45
46 **16.2(b)(4)** Effective January 1, 2004, in regions where employees may choose between
47 coordinated care and/or health maintenance organization plans or the Traditional Medical Plan
48 and where the total Company employment is 500 or fewer employees, the following contributions
49 will apply:

50
51 For any coordinated care/health maintenance organization plan coverage, employees will
52 contribute \$10 for an employee only, \$20 for an employee and spouse, \$20 for an employee
53 and child(ren), or \$30 for an employee and family. For Traditional Medical Plan coverage,
54 employees will contribute \$20 for an employee only, \$40 for an employee and spouse, \$40 for
55 an employee and child(ren), or \$60 for an employee and family. The Company will pay the
56 cost of each plan in excess of the amount contributed by employees.

16.2(b)(5) In regions where coordinated care and/or health maintenance organization plans are
not available, the Company will pay the full cost of the Traditional Medical Plan.

16.2(b)(6) The employee is required to contribute an additional \$100 each month for medical
coverage under the Group Benefits Package to enroll a spouse or same-gender domestic partner
if the spouse or same-gender domestic partner 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 Package,
provided the spouse or same-gender domestic partner enrolls at the other plan's next enrollment
period or, if earlier, at an enrollment date allowed by the other plan.

16.2(c) **Dental Benefits:** The Company will pay the full cost of the Preferred Dental Plan, the
Scheduled Dental Plan, or the Prepaid Dental Plan.

Section 16.3 Type of Retiree Medical Plan: The Company will continue until June 30, 2003, the
Retiree Medical Plan agreed to in the collective bargaining agreement of March 20, 2000, between the
Company and the Union. Thereafter, the Company will provide for the duration of this Agreement the
medical benefits for eligible retired employees and for covered dependents of eligible retired employees as
summarized in the document entitled Attachment B, effective July 1, 2003, or on such later date when
specifically stated therein and subject to all of the terms and conditions contained in or referred to in such
Attachment B.

Section 16.4 Cost of the Retiree Medical Plan. The Company will share the cost of medical coverage
for current and future eligible retired employees, as follows:

16.4(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.

16.4(b) For employees who are hired on or after January 1, 1993, the Company contributions are
limited to three and one-third (3-1/3) 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 retired employees must make contributions not less
than the amount specified in 16.4(a).

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

16.4(d) Company contributions will be made only for an eligible retired employee who is receiving
benefits from The Boeing Company Employee Retirement Plan provided the employee meets the
eligibility requirements of the Retiree Medical Plan and either authorizes deduction of the balance of
plan rates, if any, from his or her retirement check or agrees to make timely self-payments for such
coverage. Such Company contribution will continue for an eligible retired employee or eligible spouse
reduced by retired employee contributions required under 16.4(a) and 16.4(b) and the spouse
contribution in 16.4(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 child is no longer an eligible dependent or
earlier qualifies for Medicare.

Section 16.5 Details and Method of Coverage. The benefits summarized in the Group Benefits Package 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 Package 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 Package 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 Package 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.

The failure of an insurance company, health care contractor, or administrative agent to provide 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 that 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 16.6 Administration. The Group Benefits Package 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 Package or the Retiree Medical Plan and no question or issue arising under the administration of such Group Benefits Package or the Retiree Medical Plan or the contracts and/or administrative agreements identified therewith shall be subject to the grievance and arbitration procedures of Article 3 of this Agreement.

Section 16.7 Copies of Policies to Be Furnished to Union. Copies of the policies, contracts, and administrative agreements executed pursuant to this Article 16 shall be furnished to the Union and the coverages and benefits indicated in the Group Benefits Package 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 16.8 Federal or State Packages. 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 will be subject to the grievance and arbitration procedures of Article 3 of this Agreement.

ARTICLE 17 RETIREMENT PLAN

Section 17.1 Continuation of Plan. Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of 17.5, a Retirement Plan (hereinafter called the Plan) in the form now in effect as to the employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and limitations of the Plan.

Section 17.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in 17.1 means a continuing approval sufficient to establish that the Plan and related trust(s) are at all times qualified and exempt from income tax under Section 401(a) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 17.1 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 17.3 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 17.4 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 and arbitration procedure of Article 3.

Section 17.5 Changes to the Current Plan. Subject to action by the Company's Board of Directors (or its delegate) and to the approvals specified in 17.2, as well as any changes required by applicable law, all provisions of The Boeing Company Employee Retirement Plan applicable to employees covered by this agreement are to remain unchanged with the exception of the following amendments:

17.5(a) Basic Benefit. The Basic benefit will be increased to \$58 per month for all years of Credited Service for Employees on the active Payroll of the Company on or after January 1, 2003 (including those who retire from the employ of the Company on January 1, 2003).

17.5(b) Basic Benefit. The Basic benefit will be increased to \$59 per month for all years of Credited Service for Employees on the active Payroll of the Company on or after January 1, 2004 (including those who retire from the employ of the Company on January 1, 2004).

17.5(c) Basic Benefit. The Basic benefit will be increased to \$60 per month for all years of Credited Service for Employees on the active Payroll of the Company on or after January 1, 2005 (including those who retire from the employ of the Company on January 1, 2005).

Section 17.6 Administration of the Retirement Plan. The Company shall have the right to unilaterally make any changes in actuarial assumptions and funding methods, provided such changes are determined by the Plan's enrolled actuary to be reasonable in the aggregate. The Company shall be entitled to unilaterally adopt such amendments to the Plan as may be required in order to obtain any approval referred to in 17.1 and described in 17.2 of the Agreement.

ARTICLE 18 NON-DISCRIMINATION

Section 18.1 Non-Discrimination. 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, sex, marital status, sexual orientation, or the presence of a disability, except in those instances where age, sex or the absence of a disability may constitute a bona fide occupational qualification.

Administration and application of the Agreement that is not in contravention of federal or state law shall not be considered discrimination under this Article.

Section 18.2 Non-Discrimination Grievances. Notwithstanding any other provision of Article 3, a grievance alleging a violation of this Article 18 shall be subject to the grievance and arbitration procedure

1 of Article 3 only if it is filed on behalf of and pertains to a single employee. Class grievances under this
2 Article 18 shall not be subject to the grievance and arbitration procedure under this Agreement.

3
4
5 **ARTICLE 19**
6 **SEPARABILITY**

7
8 **Section 19.1 Separability.** Should any part hereof or any provision herein contained be rendered or
9 declared invalid by reason of any existing or subsequently enacted legislation or by any decree by a court
10 of competent jurisdiction, such invalidation of any such part or portion of this Agreement shall not
11 invalidate the remaining portions hereof and they shall remain in full force and effect.

12
13
14 **ARTICLE 20**
15 **SPEEA/BOEING ED WELLS INITIATIVE**
16 **AND WORKING TOGETHER PARTNERSHIP**

17
18 **Section 20.1 Mission.** The Company and the Union agree that it is to their mutual benefit to work
19 together to maintain and continuously improve the technical excellence of the Company and its engineering
20 and technical workforce (the "technical workforce"). The Company and the Union further agree that it is to
21 their mutual benefit to form a real partnership - based on mutual respect, mutual commitment, and
22 mutual benefit between the Company and its technical workforce and the Union, SPEEA. The technical
23 excellence of the workforce and a commitment to working together to achieve the highest level of quality and
24 productivity possible are critical to enabling the Company to compete effectively in the dynamic global
25 marketplace and, thereby, to provide jobs and career growth opportunities for its employees. It is therefore
26 appropriate that the parties continue the SPEEA/Boeing Ed Wells Initiative and the Working Together
27 Partnership.

28
29 **20.1(a) Ed Wells Initiative.** The primary mission of the Ed Wells Initiative is to develop an
30 effective, sustainable process to maintain and continuously improve the technical excellence of the
31 Company by linking technical competencies required to meet Company business objectives with
32 opportunities for enhanced education and training, career development, and skill utilization and
33 application for its employees. To that end, the Ed Wells Initiative will provide the framework for
34 sustained focus on lifelong learning for a properly equipped and challenged technical workforce, a
35 process that will enhance the technical skills and knowledge, and their utilization and application,
36 necessary to sustain long-term Company business objectives. The Ed Wells Initiative will therefore
37 principally target the areas of engineering and technical education and training (including staying
38 current with emerging technologies), skill utilization and application, and career development.

39
40 **20.1(b) Working Together Partnership.** The primary mission of the Working Together Partnership
41 is to identify agreed-upon areas where the Company, the technical workforce, and the Union can work
42 together to contribute to the success of the Company for their mutual benefit. Through the Working
43 Together Partnership activities approved by the Joint Policy Board, the parties will seek to develop and
44 implement initiatives to achieve the following goals: being a leader in the aerospace industry; joint
45 problem solving; achieving the highest level of quality and productivity; involving engineers and
46 technical workers in decisions that affect their work; retaining and transferring knowledge;
47 skills retraining; improving utilization of skills; improving operational effectiveness; having a skilled
48 and motivated workforce; improving communication; enhancing continuous improvement and
49 competitiveness; and creating a working environment of choice.

50
51 **Section 20.2 Joint Policy Board.** A Joint Policy Board will be established, comprised of an equal number
52 of representatives of each party. The Board shall have responsibility for (1) providing the overall direction of
53 the Ed Wells Initiative and the Working Together Partnership; (2) acting on the recommendations of the
54 Joint Administrative Staff and providing oversight to the staff; and (3) determining the expenditure of funds
55 provided to cover Ed Wells Initiative and Working Together activities. The Board shall meet as required, but
56 in no event less than quarterly.

Section 20.3 Joint Administrative Staff. The Company and the Union will appoint co-directors, who
will assume responsibility for directing the Ed Wells Initiative and Working Together Partnership activities.
A Joint Administrative Staff shall be authorized by the Joint Policy Board and selected and managed by the
co-directors within the budget as authorized by the Joint Policy Board.

Section 20.4 Meetings.

20.4(a) In order to meet its goals and aims, the Union must be able to speak confidently and
authoritatively for its bargaining unit membership. Therefore, time will be allowed during the first
week of employment for new hires into the bargaining unit to meet with a Union representative and
learn about the Union's role in Ed Wells and the Partnership, and by allowing regular quarterly
meetings (up to two hours) of all Council Representatives on work time to discuss the issues
facing the Partnership. The Joint Policy Board may authorize additional Council Representative
participation in approved activities.

20.4(b) To ensure open communication, Union leaders will meet periodically with Company leaders
of engineering and technical functions for the geographical areas covered by this Agreement. The
purpose of such meetings will be to review the activities of the Working Together Partnership and its
progress toward meeting the goals identified in 20.1(b), above. Additionally, the parties agree that
high-level meetings for the geographical areas covered by this Agreement will be held no less than
twice annually to review the activities of the Ed Wells Initiative and Working Together Partnership.
Either party may suggest meetings with the Company's Office of the Chairman or others as
appropriate and mutually agreed-upon.

Section 20.5 Funding. Each party shall be responsible for the salaries of its representatives on the Joint
Policy Board; expenses of Board members may be covered by the fund where the expense was authorized
by the Board (whenever possible, such expenses will be authorized in advance of expenditure). The
Company will commit a minimum of \$5.5 million (covering all SPEEA-represented bargaining units
participating in the Ed Wells Initiative and Working Together Partnership, including the Wichita
Engineering Unit) in each year in support of the Ed Wells Initiative and the Working Together Partnership
for the activities directed by the Joint Policy Board, to include facilities, administration, publicity,
equipment, materials, and such other expenses as may be agreed to by the Joint Policy Board. In addition,
work statement changes for the mutual benefit of the technical workforce and the Company may be
allocated additional funds as deemed necessary by the Joint Policy Board, subject to approval of
appropriate Company stakeholders.

Section 20.6 Retention Ratings and Salary Adjustments. For a maximum of two (2) years of
employment, bargaining unit employees appointed to work at the Ed Wells Initiative will (a) retain
the same retention rating held prior to entering the Ed Wells Initiative, unless management assigns
the employee a higher retention rating, and (b) receive annual salary increases that are, at a minimum,
equivalent to the negotiated salary pool for the period of such employment.

Section 20.7 Disputes. Disputes concerning any aspect of this Article shall be referred to the Joint Policy
Board for resolution. No matter involving the Ed Wells Initiative, the Working Together Partnership, or
any provision of this Article will be subject to the grievance and arbitration procedure of Article 3.

ARTICLE 21
LAYOFF BENEFITS

Section 21.1 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 December 2, 1999.

Section 21.2 Eligibility. All bargaining unit employees who have at least one year of Company service
and who are involuntarily laid off from the Company (including such employees who accelerate their

1 layoff dates and employees laid off because of declining an offer for less than equivalent employment
2 as defined by Company policy) are eligible to receive the benefit described in 21.3; provided, however,
3 the following employees shall not be eligible for the benefit: employees who volunteer for layoff;
4 employees who upon their layoff become employed by a subsidiary or affiliate of the Company;
5 employees who are laid off from the Company because of a merger, sale or similar transfer of assets
6 and are offered employment with the new employer; employees who are laid off because of an act
7 of God, natural disaster or national emergency; employees who are laid off because of a strike,
8 picketing of the Company's premises, work stoppage or any similar action which would interrupt or
9 interfere with any operation of the Company; and employees who terminate employment for any
10 reason other than layoff, including, but not limited to, resignation, dismissal, retirement, death, or
11 leave of absence.

12
13 **Section 21.3 Amount and Payment of Benefit.** An eligible employee's total lump sum or income
14 continuation benefit shall equal one (1) week of pay based on the employee's base salary at the time of
15 layoff (but excluding any shift differentials or other premiums) for each full year of Company service as
16 of the employee's layoff date, subject to a maximum benefit of twenty-six (26) weeks of pay. Eligible
17 employees may elect either of the following:

18
19 21.3(a) Benefits will be paid as a lump sum following the effective date of layoff. Employees who
20 elect this option will have first consideration recall rights under Article 8 canceled.

21
22 21.3(b) Income continuation benefits will be paid in eighty (80) hour increments, subject to an
23 employee's total benefit, on regular paydays beginning with the second payday following the effective
24 date of layoff. Income continuation benefits shall immediately cease upon the earlier of any of the
25 following events: exhaustion of the employee's total income continuation benefit; re-employment
26 with the Company or any of its subsidiaries or affiliates; failure to accept a formal offer of recall from
27 layoff within ten (10) workdays after it is extended or by such later date as may be stipulated by
28 the Company; failure to report to work on the date designated by the Company; or change in the
29 employee's employment status from layoff to resignation, dismissal, retirement, death, or leave of
30 absence.

31
32 Subject to continuation of the Plan, no employee shall be paid lump sum or income continuation
33 benefits more than once during any three (3) year period; provided, however, if an employee is
34 re-employed by the Company before payment of the employee's total income continuation benefit and
35 is subsequently laid off in such three (3) year period under conditions which make the employee
36 eligible for a benefit, any unused benefit will be payable to the employee under the procedures established
37 by this Article.

38
39 **Section 21.4 Benefit Not Applicable for Other Purposes.** Periods for which an employee receives
40 income continuation benefits shall not be considered as compensation or service under any employee
41 benefit plan or program and shall not be counted toward Company service. Benefits under this Article
42 may not be deferred into the Voluntary Investment Plan.

43
44 **Section 21.5 Continuation of Medical Coverage.** In the event of layoff, medical coverage for employees
45 and dependents will continue until the employee is covered by any other group medical plan either as an
46 employee or as a dependent, but in no event beyond three (3) months after the date of layoff. Required
47 contributions, if any, must be paid during any period of such continuation of coverage.

48
49
50
51 **ARTICLE 22**
52 **JOB CLASSIFICATIONS**

53
54 **Section 22.1 Authorized Job Classifications.** Each job classification listed in Appendix A shall, for the
55 period of this Agreement, remain in effect, subject to revisions as provided in 22.4, unless made inactive
56 by mutual agreement of the Union and the Company.

Section 22.2. Definition of Job Classification. A job classification is defined by occupation, job
family, and level codes as identified within the Company's Salaried Job Classification (SJC) system.

Section 22.3 Application and Intent of Job Descriptions.

22.3(a) Occupations are the broadest categories of work. Job families describe the organization of
tasks. Level guides identify various levels of responsibility within the job family. Each job classification
is linked to Skills Management Codes (SMCs) within the SJC system. SMCs identify unique
knowledge, skills, abilities, and environments within the job family.

22.3(b) Each occupation code, job family code, level code and SMC is defined by a unique
description as identified within the SJC system.

22.3(c) An employee may perform some of the work of a higher level and/or some of the work of
a lower level in the performance of the work assignment. It is not anticipated that any employee
will perform all the duties set forth in the job description. Any work assignment may include:

22.3(c)(1) Teaching, instructing, leading or providing assistance to others.

22.3(c)(2) The use of equipment to facilitate the work assignment.

22.3(c)(3) The submission of completed work or any portion thereof for checking or approval.

22.3(c)(4) The reporting of any work impairment such as errors in materials, processes,
equipment, etc.

Section 22.4 New or Revised Job Family, Level Guides, and SMC Descriptions. If, after the effective
date of this Agreement, the Company or the Union determines that no existing job family, level guide, or
SMC description appropriately covers a new or reorganized work assignment, either party may initiate a
request for evaluation and review through the Company's SJC Maintenance Process. The Union will
participate as a voting member on the Company's SJC team in the identification, evaluation, and review
of all proposed changes to job family descriptions and level guides for SJC job classifications listed in
Appendix A and their associated SMC descriptions. The Company will implement changes (1) by
revising or deleting an existing job family, level guide, and/or SMC description; or (2) by developing a new
job classification code, with supporting descriptions, which will be incorporated into Appendix A through
the issuance of an installation memo; or (3) the Company will establish a Temporary Job Classification
and/or SMC in accordance with 22.4(b).

22.4(a) Union Challenges of Level(s) for New or Revised Level Guides. In the event the Union
disagrees with the number or description of level(s) of a new or revised job level guide it must,
within thirty (30) calendar days from the date the new or revised job level guide is forwarded by the
Company, challenge the level, setting forth in writing the reasons why the Union disagrees.
Otherwise, the level guide as determined by the Company will stand.

22.4(a)(1) If the Union challenges a new or revised level guide, the Company's Director of
Compensation and Benefits, and his/her appointees, and Union representatives shall meet
within forty-five (45) calendar days of the request for the purpose of attempting to reach
agreement as to the appropriate level guide. Disagreements between the Union and the Company
shall be resolved exclusively on the basis of the level guide assigned as a result of the Company's
application of 22.4. A Union challenge shall in no way prevent or delay the Company from
assigning personnel to the job classification involved in the challenge.

22.4(a)(2) If the Union challenges a new or revised level as submitted by the Company, and it
is determined that the level is not correct, the Company will pay each employee involved at a rate
that is within the range of the corrected level, for the time in which the employee has performed
the duties of the corrected level.

1 22.4(b) Temporary Job Family, Level, or SMC. A temporary job family, level, or SMC may
2 be established by the Company for new or revised work for which no current job family, level, or
3 SMC is applicable and which requires a period of time to stabilize job duties. This period will not
4 exceed ninety (90) days unless extended by mutual agreement. The Union will be notified of the
5 effective date and approximate duration. Employees will be assigned to such new work at not less
6 than their current levels until the job family and level is made permanent. If the temporary job
7 family code or level is made permanent at a higher level than the levels of the assigned employees,
8 these employees will be paid within the range of the higher level for the time assigned to the
9 work covered by the permanent job family or level. Effective upon and after the Company's
10 determination that a temporary job family and/or level has become permanent, the provisions of
11 22.4 shall apply.

12
13 **Section 22.5 Individual Employee Job Classification.**

14
15 22.5(a) It is a mutual objective of the Union and the Company that the job classification of each
16 employee be an accurate and timely reflection of the work assigned; however, the Company shall retain
17 the exclusive right to reassign employees as necessary to meet work requirements, and employees shall
18 comply with such reassignments notwithstanding the employees' job classifications of record at the
19 time. If the Company determines, by reference to the applicable job family description, that an
20 employee's level is higher than is appropriate for the work to which the employee is assigned, the
21 Company may permit the employee to continue in the same assignment without reclassification for
22 whatever period of time the Company elects; or the Company may add to the employee's current
23 assignment or reassign the employee to other work for which the employee's level is appropriate; or,
24 within the limitations stipulated in this Article 22, the Company may reclassify the employee to the
25 level that the Company deems appropriate for the work assigned.

26
27 22.5(b) Because an employee may be assigned work at a level lower than the employee's current level
28 without being reclassified to the lower level, the levels or work assignments of individuals other than
29 the employee shall not be introduced or regarded as pertinent evidence for the purposes of 3.6(a),
30 unless by mutual agreement of the parties.

31
32 22.5(c) Temporary promotions to a higher level will be made by management to accommodate short-
33 term assignments anticipated to last more than thirty (30) but not exceeding ninety (90) continuous
34 calendar days, or for such period longer than ninety (90) continuous calendar days as may be
35 designated by mutual agreement between the Company and the Union. Temporary promotions will
36 be distinguished from other promotions in the Company's records systems, and for the purposes
37 of 8.1(b), 8.2, and 8.3, an employee in such status shall be considered as still being in the job
38 classification from which the temporary promotion occurred.

39
40 22.5(d) Employees may be reclassified to a higher level irrespective of their assigned retention
41 index.

42
43 22.5(e) Challenges Concerning Individual Employee's Job Family, Level, or SMC. An individual
44 employee may request a review of his or her job classification or level based on the contention the work
45 assigned by the Company differs from the job classification or SMC to the extent and in such a
46 manner as to warrant reclassifying the employee to a different existing job classification or SMC.
47 Employees will attempt to resolve their classification first by discussion with first-line management. In
48 the absence of a resolution mutually agreeable to both management and the employee, the following
49 steps will be utilized in the review process:

50
51 22.5(e)(1) If the employee contends that a classification or level issue still exists, he or she along
52 with his or her Union Representative will notify the Totem and/or Skill Team Manager to request
53 a review.

54
55 22.5(e)(2) The Totem and/or Skill Team Manager will meet with the employee and the Union
56 Representative to fully discuss the employee's issue in an effort to reach mutual resolution.

22.5(e)(3) If the employee and Union Representative do not agree with the Totem and/or Skill
Team decision, the Totem and/or Skill Team Manager, the appropriate Human Resources
Representative and the Union Representative will meet to resolve the matter by a majority decision.

Section 22.6 Reclassification to a Lower Level. The Company may alter employee work assignments
or reassign employees to lower-level work for which the Company deems they are qualified, and effect
commensurate reclassification to lower level, either as required to comply with the layoff procedure
described in 8.3 or to accomplish reorganizations of work deemed by the Company to be necessitated by
changing business conditions. When suitable work adjustments or employee reassignments are determined
impracticable by the Company, misclassifications shall constitute surpluses as defined in 8.1(a)(4) and shall
be resolved in accordance with Article 8. Reclassifications to lower levels shall be subject to the limitations
set forth in 22.6(a)(1) through 22.6(a)(9). Additionally, the limitations set forth in 22.6(b) shall apply to
in-place reclassifications to lower levels, i.e., cases in which the assignment an employee is performing is
altered such as to remove that portion of the assignment that previously justified the higher level.

22.6(a) Conditions Applicable to Reclassifications to Lower Levels.

22.6(a)(1) No employee in Level 2 or B and above shall be reclassified to a lower level so long
as there are in the same job classification within the same Major Organization any employees in
a lower retention index whose retention in that job classification has not resulted from
application of exceptions specified in 8.3(d)(1). These provisions shall likewise apply to
employees in Level 1 or A, except they shall apply only within the principal subordinate
organization or program to which the employee is assigned.

22.6(a)(2) Within the same job code, no employee shall in any one transaction be reclassified to
a level lower than the next authorized level.

22.6(a)(3) No employee shall receive more than one (1) reclassification to a lower level during
any period of twelve (12) consecutive months of continuous employment, unless as an option to
layoff under the provisions of 8.3(d)(1).

22.6(a)(4) Employees shall be permitted to elect layoff in lieu of reclassification to lower level.
Employees rejecting reclassification to lower level will be subject to layoff effective two (2)
calendar weeks from the date of the reclassification offer, irrespective of the layoff notice
provisions of 8.3.

22.6(a)(5) All reclassification to lower level offers shall be stated in writing on forms provided
by the Company, reviewed and approved by the Company, and then provided to the affected
employee at least two (2) weeks prior to the effective date.

22.6(a)(6) Employees reclassified to a lower level while on the active payroll shall have priority
rights to open positions as described in 8.2(c).

22.6(a)(7) The reclassified employee's work assignment shall be consistent with the applicable
job family description and responsibility level guide.

22.6(a)(8) The Company will strive to minimize reclassifications to lower levels in the handling
of workforce surpluses and employee reassignments, consistent with the provisions of Article 8;
however, the determination of business conditions necessitating reclassifications to lower levels
shall continue to be made exclusively by the Company, and shall not be subject to the grievance
and arbitration procedure of Article 3.

22.6(a)(9) If, subsequent to a reclassification to a lower level, an employee is assigned to
work for which a higher level is appropriate as determined by reference to applicable job family
descriptions and responsibility guides, the employee shall be reclassified to the higher level in
accordance with 22.5.

1 22.6(b) Additional Condition Applicable to In-Place Reclassifications to Lower Levels Only.

2
3 22.6(b)(1) In-place reclassifications to lower levels shall not occur into the lowest authorized
4 level of any job classification for which the lowest authorized level is Level 1 or A if at least three
5 (3) levels are authorized for that job classification. The attached Appendix A, subject to revisions
6 as provided in 22.4, shall be the exclusive reference for determining which levels are authorized.

7
8 22.6(b)(2) If an in-place reclassification to a lower level offer is made as a result of the removal
9 of a portion of the assignment which previously justified the higher level, the employee and
10 manager will define the revised assignment closing out the Performance Management plan and
11 initiating a new plan in conjunction with the reclassification offer.

12
13 22.6(c) Employee Preference for Reclassification to a Lower Level. The Company may, at its sole
14 discretion, effect the reclassification to a lower level of any employee who expresses a preference for
15 reclassification as an alternative to transfer or to discharge for a documented record of unacceptable
16 performance. The provisions of 22.6(a)(1) through 22.6(a)(6), 22.6(a)(9), 22.6(b) and 8.2(c) shall
17 not apply to such cases.

18
19 Section 22.7 The provisions of 22.4, 22.5, and 22.6 are not subject to the grievance and arbitration
20 procedures of Article 3.

21
22
23 ARTICLE 23
24 DURATION

25
26 Section 23.1 Duration.

27
28 23.1(a) This Agreement shall become effective December 2, 2002, and shall remain in full force and
29 effect until the close of December 1, 2005, and shall be automatically renewed for consecutive
30 periods of one (1) year thereafter, unless either party shall notify the other in writing, at least sixty (60)
31 days and not more than ninety (90) days prior to December 1 of any calendar year, beginning with
32 2005, of its desire either (1) to amend this Agreement, or (2) to terminate this Agreement as of a date
33 stated in such notice to terminate, which date shall be subsequent to such December 1 provided that,
34 in any event, this Agreement shall expire at the close of December 1, 2010.

35
36 23.1(b) If either a notice to amend or a notice to terminate is timely given pursuant to 23.1(a), the
37 parties agree to meet within thirty (30) days thereafter for the purpose of negotiating an amendment
38 to this Agreement or a new contract.

39
40 23.1(c) If a notice to amend is timely given pursuant to (1) of 23.1(a), either party may at any time
41 thereafter notify the other in writing of its desire to terminate this Agreement as of a date stated in
42 such notice to terminate, which date shall be subsequent to December 1 of the year in which such
43 notice to amend is timely given and at least sixty (60) days subsequent to the giving of such notice to
44 terminate.

45
46 23.1(d) This Agreement and any amendment thereof pursuant to this Article shall continue in full
47 force and effect until either (1) a new contract superseding it is consummated; (2) it is terminated by
48 a notice to terminate timely given pursuant to clause (2) of 23.1(a), or 23.1(c); or (3) it expires,
49 whichever shall first occur.

Signed at Seattle, Washington and dated this 21st day of January, 2003.

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *James Mackay*

President

By *Geoff Stampler*

Director
Union Relations

APPENDIX A

SALARIED JOB CLASSIFICATION (SJC)
JOB FAMILIES AND TITLES

SJC JF	SJC Job Title	Level 1	Level 2	Level 3	Level 4	Level 5
BX	Tool Coordinator	x	x	x	x	x
DA	Process Analyst & Test Specialist	x	x	x	x	x
DM	Technical Support Specialist	x	x	x	x	x
FP	Technical Data Specialist	A	B	C	D	
FS	Technical Illustrator	A	B	C	D	
JB	Technical Analyst	x	x	x	x	x
JD	Laboratory Technician	x	x	x	x	x
KD	Methods Process Analyst	x	x	x	x	x
KF	Manufacturing Scheduler	x	x	x	x	x
KH	Numerical Control Programmer	x	x	x	x	x
KJ	Manufacturing Planner	x	x	x	x	x
KS	Tool Designer	x	x	x	x	x
NW	Intern - Student Engineer	A				
RK	Product Spares Support Analyst	x	x	x	x	
RL	Technical Publications Specialist	x	x	x	x	
RM	Packaging and Shipping Planner	A	B	C	D	
RN	Proof-Load Test Technician	A	B	C		
RP	Logistics Analyst	x	x	x	x	
RQ	Publications Analyst	x	x	x	x	
RR	Quality Planner	x	x	x	x	
RS	Investigative Analyst	x	x	x	x	
RT	Product Design Change Management Specialist	x	x	x	x	
RU	Manufacturing Change Management Specialist	x	x	x	x	

SJC JF	SJC Job Title	Level 1	Level 2	Level 3	Level 4	Level 5
RV	Advanced Technology Development Analyst	x	x	x	x	x
RW	Engineering Technical Support Specialist	A	B	C		
RX	Ground Support Operations Specialist	x	x	x	x	
RY	Maintenance Analyst	x	x	x	x	x
RZ	Technical Writer	x	x	x	x	
SB	Records Accountability Analyst	A	B	C		
SD	Flight Analyst			x	x	x
SE	Technical Product Designer	x	x	x	x	x

[Faint, illegible text]

[Faint, illegible text]

**LETTER OF UNDERSTANDING
RELATING TO SEX CRIMES
(Engineering and Technical Units)**

Attachment 1 1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
Attachment 2 43
44
45
46
47
48
49
50
51
52
53
54
55
56

The Company and the Union recognize (1) the growing awareness and abhorrence in our society of sex crimes victimizing children, and (2) the deleterious effect the presence in the workforce of perpetrators of such crimes would have on the efficiency and morale of professional/engineering and technical employees of the Company and on the reputation of the Company and its products. The parties therefore agree as follows:

1. Any discipline or discharge of a Union-represented employee who has committed a sex crime victimizing a child or children shall be deemed to be for "just cause" and shall not be subject to the grievance and arbitration provisions of the parties' collective bargaining agreements or to any other challenge or proceeding by the Union.
2. For purposes of 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 pleads guilty or nolo contendere to the crime, or if the employee enters a special supervision program pursuant to a deferred prosecution arrangement relating to the crime.
3. The provisions of this Letter of Understanding shall not be deemed to define "just cause" or to affect the grievance and arbitration provisions in any other respect whatsoever, nor shall it be introduced or relied upon in any arbitration or other proceeding involving the parties which does not deal with the discipline or discharge of an employee who has committed a sex crime victimizing a child or children.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *James Mackay*
President

By *Geoff Stampler*
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO CHILD/ELDER CARE AND CHILD DEVELOPMENT PROGRAMS
(Engineering and Technical Units)**

The Company will continue a comprehensive Child and Elder Care program. The program consists of referrals of employees to licensed care facilities, consultation with employees to determine individual needs, and providing educational materials and programs.

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.

LETTER OF UNDERSTANDING
RELATING TO DRUG- AND ALCOHOL-FREE WORKPLACE PROGRAM
(Engineering and Technical Units)

The Company and the Union enter this Letter of Understanding to address the serious societal problem of drug and alcohol abuse. The Company and the Union affirm their joint objective to achieve a drug- and alcohol-free workplace while complying with applicable government laws and regulations. To that end, the parties agree to a drug- and alcohol-free workplace program with these principal components: a comprehensive employee assistance program emphasizing rehabilitation; employee awareness; training; and testing.

A. Employee Assistance Program

1. The Company will continue to provide a comprehensive Employee Assistance Program (EAP). One of the major purposes of the program is to rehabilitate employees experiencing drug and alcohol problems through a professional assessment and referral service with follow-up counseling. The service will be provided by trained, professional counselors employed either by the Company or by an EAP company under contract with Boeing.
2. Voluntary participation in the EAP may occur through referral (self, union, management, others). These employees will have their treatment monitored by the EAP and be subject to follow-up counseling and testing by the treatment provider.
3. Mandatory participation in the EAP will be offered as an alternative to discharge to employees who have (a) had a termination for attendance or performance problems held in abeyance, or (b) a verified positive drug or alcohol test administered by the Company. Mandatory participants will be subject to the terms and conditions of the "Compliance Notification Memo" (attached hereto). Violation of any of the terms of the Compliance Notification Memo normally will result in termination of employment.

B. Employee Awareness

1. The Company will continue its drug and alcohol awareness program designed to keep employees informed of the drug- and alcohol-free workplace program, including opportunities for rehabilitation through the EAP, the dangers of drug and alcohol abuse, and drug and alcohol testing.
2. The awareness program will disseminate the information through pamphlets, news articles, mailouts, video tapes, the Boeing Web, and other media.

C. Training

1. The Company will maintain a drug- and alcohol-free workplace training program for its managers, medical professionals, and other selected employees. The training will be designed to:
 - a. Identify the extent and impact of drug and alcohol use.
 - b. Describe the principal federal legislation and regulations for a drug- and alcohol-free workplace.
 - c. Identify the Company rules pertaining to drugs and alcohol and the appropriate action to be taken upon violation.
 - d. Identify the principal components of the Drug- and Alcohol-Free Workplace Program (rehabilitation, awareness, training, and testing).

As one element of the program, the Company has, in coordination with the Union, established two near-site day care centers (Everett and Renton/Longacres). 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.

Finally, in an effort to assist employees' work-related needs, the Company and the Union agree to meet at least quarterly (if requested) to exchange concerns related to dependent care issues, including but not limited to issues arising due to employee movement to new or relocated Company facilities.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace
By *James Mackay*
President

The Boeing Company
By *Geoff Stampler*
Director
Union Relations

Attachment 3

LETTER OF UNDERSTANDING
RELATING TO JOINT COMPANY-UNION DRUG
AND ALCOHOL DEPENDENCY PROGRAM
(Engineering and Technical Units)

The Company and the Union agree to continue the Joint Alcohol and Drug Dependency Program as an integral part of the Company's drug- and alcohol-free workplace objectives. As part of that program, the parties agree to continue a Joint Advisory Committee to:

- Review the drug and alcohol segments of the Employee Assistance Program on a regular basis, and
- Make recommendations on enhancing the effectiveness of those segments.

This advisory committee will be composed of two (2) Company representatives (including the Employee Assistance Program Administrator) and two (2) Union officials.

The parties further agree that their activities in support of Alcoholics Anonymous have been successful and that those activities will include other self-help groups, such as Narcotics Anonymous and Cocaine Anonymous. In addition to the current support provided, the Company and the Union will publicize the efforts of these self-help groups.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace
By *James Mackay*
President

The Boeing Company
By *Geoff Stampler*
Director
Union Relations

- e. Explain the Employee Assistance Program, opportunities for rehabilitation, and the consequences of rehabilitation failure.
 - f. Explain the facts of drug and alcohol testing accuracy and procedures, such as chain of custody.
 - g. Enable participants to effectively apply observed and documented performance criteria and appropriate procedures in referring the employee to the Employee Assistance Program.
 - h. Enable participants to effectively apply observed and documented criteria typically indicative of drug or alcohol use and apply appropriate reasonable suspicion testing guidelines in referring employees to Medical for medical observation and possible testing.
 - i. Enable participants to apply appropriate post-accident testing guidelines in referring employees for testing.
2. The training will not be designed to teach participants to be substance abuse experts or professional counselors.
 3. Union selected individuals, including but not limited to the Union's Executive Board, Council Representatives, and staff members, will be invited to participate in training. Once a year the Union will provide the Company with a list of those persons to be trained.
 4. Whenever practicable, Union selected individuals and Company managers will be trained together.

D. Drug and Alcohol Testing

1. The Company will implement a drug and alcohol testing program designed to deter abuse and to provide a means for early identification, referral for treatment, and rehabilitation of employees with abuse problems, as outlined below.
2. The Company will at all times comply with its policy and procedures and with applicable government laws and regulations designed to safeguard the accuracy and reliability of drug and alcohol testing and to protect the confidentiality of those tested. Specifically, the Company will follow applicable regulations (49 C.F.R. Part 40, "Procedures for Transportation Workplace Drug and Alcohol Testing Programs"). For drug testing, these cover:
 - a. Collection procedures, including strict chain of custody to prevent mislabeling or alteration of urine samples and to account for the integrity of each sample from the point of collection to final disposition;
 - b. Use of a United States government certified laboratory with state-of-the-art testing methodologies, including confirmation testing using gas chromatography-mass spectrometry instrumentation;
 - c. Testing only for substances required by the regulations and for which the laboratory has been certified by the United States government, using government-mandated cutoff and confirmation levels;
 - d. Undertaking a quality assurance and quality control program designed further to ensure laboratory testing accuracy;
 - e. Periodic inspections of the laboratory;

- f. Employment of qualified medical review officers (MRO) who are licensed physicians with knowledge of substance abuse disorders and with the medical training to interpret and evaluate a positive test result, medical history, and other relevant data for the purpose of verifying positive results and making return-to-work recommendations;
 - g. Giving the employee an opportunity to provide a legitimate, alternative medical explanation for the result. Should such an explanation be provided, the test result will be reported as negative;
 - h. Advising the employee of the opportunity to request analysis of the split sample within 72 hours of being notified of a positive result. The Company will reimburse the employee for said expense if the retest result is negative. Portions of the original specimen not subjected to the testing process will be placed in proper storage and retained by the laboratories in case subsequent testing is requested or required.
 - i. Ensuring confidentiality of test results, of information provided by the employee to the MRO, and of employee participation in the EAP in accordance with existing Company policy and the federal regulations; and
 - j. Retaining all confirmed positive specimens at the laboratory for at least one (1) year in accordance with the federal regulations.
3. Alcohol testing will be conducted using breath samples. The instrument shall be approved by the Department of Transportation as an evidentiary breath testing device and used only by trained operators (Breath Alcohol Technicians). For alcohol testing, levels at or above .02 percent blood alcohol content will be considered positive (see para. 10).
 4. The Company will conduct employee testing under the following circumstances:
 - a. Reasonable suspicion drug and alcohol testing covering all employees. "Reasonable suspicion" means there is information that would cause a reasonable person to believe that an employee has used or is impaired by alcohol or drugs. The Company will use the following standards to determine when testing may be appropriate: signs of impairment, such as difficulty in maintaining balance, distinct odor of drugs and/or alcohol, slurred speech, abnormal or erratic behavior, or apparent inability to do assigned work in a safe or satisfactory manner.

In addition, the Company will require that all information relied upon to initiate a reasonable suspicion test be documented prior to testing, that two designated individuals (at least one of whom has been trained as referenced in paragraph C.1) agree that testing is appropriate and sign required documentation, and that a trained medical professional concur for "observable behavior"-based testing [see para. D.4.a]. In the event a Company location does not have a staffed medical facility when the employee is escorted for review, a trained manager will determine whether the employee should be escorted to an off-premises medical facility for the required evaluation.
 - b. Post-accident drug and alcohol testing or testing following a serious violation of a safety rule or standard, covering all employees. An employee may be tested when a work-related incident has occurred involving death, serious bodily injury or significant property/environmental damage, or the potential for death, serious injury, or significant damage, and when the employee's actions(s) or inaction(s) either contributed to the incident or cannot be completely discounted as a contributing factor.
 - c. Random drug and alcohol testing of designated employees as expressly required by United States government agencies. The Company will use neutral selection criteria to determine which of the designated employees will be tested. The Company will

comply with random testing standards set forth in applicable government agency regulations.

d. Follow-up drug and alcohol testing of all employees who (1) have a first-time verified positive drug or alcohol test, or (2) have a termination for performance or attendance problems held in abeyance.

e. Pre-assignment drug testing of employees selected to transfer into or otherwise perform in a position designated for random drug testing, where pre-assignment testing is expressly required by United States government agencies.

5. Refusal to (a) take a test following adequate explanation of the consequences of refusal, (b) accept EAP referral from the MRO, (c) when required, accept EAP treatment recommendations, or (d) accept the terms and conditions of the Compliance Notification Memo shall result in corrective action, up to and including termination of employment. Failure to appear immediately for testing, or refusing to take a test, will be considered the same as a positive result.

6. The employee's written consent shall be obtained prior to collecting either a breath or urine sample.

7. For reasonable suspicion and post-accident testing only, the employee has the right to request the presence of a Union Representative at the collection site. The Union Representative shall not in any way interfere with or otherwise obstruct the collection process. The parties agree that the collection may be delayed a reasonable period, not to exceed thirty (30) minutes, to await the arrival of the Union Representative. The thirty (30) minute period will commence when the Union, to include a Union Representative, is notified.

8. Consequences of a Positive Test Result

a. No employee will be terminated because of a first verified positive test result except pursuant to D.4.d(2) above. Instead, the employee will be required to submit to EAP evaluation and, if recommended, will have a one-time opportunity to enter a treatment program. Such employees remain subject to corrective action, up to and including termination, for independent reasons.

b. An employee who has a second verified positive test result within three years of the first such result or on a Company-administered test conducted after that period, normally will be terminated from employment.

9. Procedure Following a Positive Test Result

a. An employee will not be removed from continuous pay status because of a drug or alcohol test result until the Medical Review Officer or the Breath Alcohol Technician verifies the test result. An employee in a position designated for random testing may be administratively removed, with pay, pending the MRO review.

b. As part of the verification process, the MRO will attempt, in accordance with applicable regulations, to contact the employee to determine whether an acceptable medical explanation for the confirmed positive result exists. The MRO will review in confidence any information provided by the employee. If the MRO determines there is an acceptable medical explanation for the positive test result, the result shall be reported as negative.

c. After verification of a positive test result, the employee shall be placed on administrative suspension for a maximum of five (5) workdays so that an EAP assessment can be made. An appointment for an EAP assessment will be made. Failure to keep the appointment

without an acceptable excuse will result in termination of employment. The employee may be returned to work from the administrative suspension after an EAP evaluation is made and the treatment and/or education recommended begins as scheduled.

d. The employee may not return to work until results on drug and alcohol tests administered by the Company are negative.

e. The employee is required to accept and comply with the terms of a Compliance Notification Memo.

f. The employee is subject to follow-up testing as directed by EAP in consultation with the MRO. A minimum of six (6) unannounced tests per year will be conducted for three (3) years of active payroll status following return to work.

10. Procedure Following a Positive Alcohol Test

An employee having a positive blood alcohol content of .02 or greater, but less than .04, will not be required to submit to an EAP evaluation or to other provisions of the drug- and alcohol-free workplace program (see para. 8.a above), although voluntary participation will be encouraged. Such employees will, however, be removed from the assignment and suspended for the remainder of the shift. Such action shall be taken immediately when the Breath Alcohol Technician notifies management of the positive alcohol test result. If the employee's alcohol test result is .04 or greater, conditions described in paragraphs 8.a, 8.b, 9.a, and 9.c through 9.f above shall apply.

11. The Union reserves the right to grieve and arbitrate the question of whether the Company's program is consistent with the terms described in this letter.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *Jeffrey Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

COMPLIANCE NOTIFICATION
MEMO ("CNM")

is subject to the following requirements:

Name of Employee _____ Employee Identifier _____

1. Employee is REQUIRED to schedule an appointment with an Employee Assistance Program (EAP) counselor within one working day of issuance of this CNM. Failure to do so will result in termination of employment.
2. Employee will successfully complete the required treatment and/or training program specified by the Employee Assistance Program (EAP) Counselor, and any amendments to it ("the Programs"). Employee's satisfactory participation in the Programs is required as a condition of continued employment by The Boeing Company ("the Company"), and shall continue until such time that Company's Employee Assistance Program or its designee determines that Employee's participation is no longer necessary. Changes in the Programs shall be in writing and coordinated in advance with EAP. Any failure by Employee to participate satisfactorily in the Programs (as determined in the sole discretion of EAP) or any violation of this CNM shall be sufficient grounds for Employee's termination of employment. Employee's cooperation with personnel and functions administering and monitoring the Programs is required, and any failure by Employee to cooperate will be deemed a failure to participate satisfactorily in the Programs.
3. Employee will be subject to unannounced follow-up drug and alcohol testing for a three year period. A verified positive drug/alcohol test result during this period will be grounds for Employee's termination of employment.
4. Employee acknowledges that medical personnel, or other personnel involved in monitoring Employee's compliance with this CNM, will be obligated to report to cognizant management information about any violation by Employee of the terms and conditions of this CNM.
5. Employee will continue to be subject to corrective action, up to and including termination of employment, for reasons not related to the matters addressed in this memo.
6. The terms and conditions of this CNM shall remain in effect for a period of three (3) years commencing on the date entered below under the signature of Company Official. An interruption in Employee's active employment status because of layoff, resignation, leave of absence, or any other reason will extend this period by the duration of the interruption.
7. Employee IS IS NOT (check one) a member of a collective bargaining unit. Name of collective bargaining unit, if applicable: _____
Employee REQUESTS DOES NOT REQUEST (check one) union involvement in this matter.
8. Discharge in Abeyance is contingent upon the concurrence of an Employee Assistance Program counselor.

ACKNOWLEDGMENT BY EMPLOYEE

Employee signature required.
I have received and read the above:

Signature of Employee _____ Date _____

Printed Name of Employee _____ Date _____

ACKNOWLEDGMENT BY THE UNION

(If Applicable)

Signature of Union Official _____ Date _____

Printed Name of Union Official _____ Date _____

ACKNOWLEDGMENT BY THE COMPANY

Signature of Company Official _____ Date _____

Printed Name of Company Official _____ Date _____

CONCURRENCE OF EMPLOYEE ASSISTANCE PROGRAM
(Required in Discharge in Abeyance only)

Signature of EAP Counselor _____ Date _____

Printed Name of EAP Counselor _____ Date _____

Original to be retained by the DFW Focal.

LETTER OF UNDERSTANDING
RELATING TO HEALTH AND SAFETY IN THE WORKPLACE
(Engineering and Technical Units)

The Company and the Union recognize their mutual concerns for the health and safety of employees; for the exchange of information regarding issues of safety and health, such as the use and handling of hazardous materials and equipment in the workplace; and for the physical conditions under which the work is performed.

Therefore, the Union will nominate an individual to be a SPEEA representative on appropriate Product Sector SHEA committees at the Company's Kent, Auburn, Renton, and Everett sites. All nominees must be approved by the Company.

The Product Sector SHEA committees may, at their discretion, establish subcommittees as necessary to investigate health and safety concerns identified by Union-represented employees. The Product Sector SHEA committees will designate the members of any such subcommittee, which shall include at least one Union representative.

The parties' longstanding commitment to individual employee safety and regulatory compliance extends to issues regarding personal protective equipment and safety devices and the value of working together to create an injury-free workplace. To further this commitment, the Company will provide employees up to \$75 per year towards the purchase of approved safety shoes where such shoes are mandatory due to regulatory compliance or Company directive. The reimbursement process utilized will be the organization's existing process for reimbursement of incidental business expenses or any other mutually acceptable reimbursement process.

In addition, the Company agrees to present to the Union, not less than annually, a review of current issues regarding the physical work environment and the activities of the Corporate Safety, Health, and Environmental Affairs (SHEA) organization. The Union may request additional meetings in order to address its concerns. The agenda for each meeting shall be agreed to by both parties in advance of such meeting.

Dated December 2, 2002

Society of Professional Engineering
Engineers in Aerospace

By *Jennifer Mackay*
President

The Boeing Company

By *Geoff Stamp*
Director
Union Relations

Attachment 5

LETTER OF UNDERSTANDING
RELATING TO DATA REPORTS
(Engineering and Technical Units)

The Company will provide that data to the Union which is listed in the memorandum from the Company to the Union, dated November 4, 2002, subject to such revisions in the future as may be made by mutual agreement of the parties. Nothing herein is intended to waive any right the Union may have to receive additional data.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *Jennifer Mackay*
President

By *Geoff Stampler*
Director
Union Relations

LETTER OF UNDERSTANDING
RELATING TO PRINTING OF CONTRACTS
(Engineering and Technical Units)

The parties agree, in the spirit of labor/management cooperation, that the practice of equally sharing the costs of printing the labor agreements will be continued.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *Jennifer Mackay*
President

By *Geoff Stampler*
Director
Union Relations

LETTER OF UNDERSTANDING
RELATING TO EXPENDITURE OF FUNDS UNDER ARTICLE 20
(Engineering and Technical Units)

The parties have agreed in Article 20 of their Collective Bargaining Agreement that the Company will commit a minimum of \$5.5 million per contract year (December 2 - December 1) in support of the SPEEA-Boeing Ed Wells Initiative Working Together/Partnership Agreement (covering all SPEEA-represented bargaining units participating in such programs, including the Wichita Engineering Unit). The following sets forth the practices that will be followed in accounting for these funds:

1. Amounts not spent in one annual period under Section 20.5 shall carry over to the next year, but not beyond the expiration of the Agreement.
2. The Joint Policy Board shall establish an annual budget. The amount set forth in Section 20.5 shall be separately accounted for and may not be used for any other program.
3. All labor and non-labor will be treated according to current Boeing accounting practices.

4. Labor support from other divisions will be burdened at the Boeing loaned labor rate.

5. To the extent permitted by law, a trust fund will be established pursuant to the Taft-Hartley Act, 29 U.S.C. Section 186, to contract with the Union for services of any individual employed by the Union who is named to the administrative staff established by Section 20.3. The trust shall be established pursuant to a written agreement between the parties that complies with clause (B) of the proviso to 29 U.S.C. Section 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: Union pension plan and package H and W insurance. The Company shall provide funds to the trust in a sufficient amount and in a timely manner to enable the trust to meet its contractual obligations to the Union.

6. Individuals employed by the Union who are named to the administrative staff established by Section 20.3 shall be full-time, dedicated to the administrative staff. On an exception basis, such individuals may perform Union business for brief periods of time. Time spent performing Union business will not be reimbursed through the trust as described in paragraph 5. The individuals performing Union business shall keep contemporaneous records of the dates such business was performed and the amounts of time so spent, which records shall be presented to the Company with the monthly invoices for reimbursement.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *Jennifer Mackay*
President

By *Geoff Stampler*
Director
Union Relations

LETTER OF UNDERSTANDING
RELATING TO ARTICLE 20 - CONFIDENTIALITY OF INFORMATION
(Engineering and Technical Units)

It is recognized by the parties that a free flow of information between them is necessary to insure the success of the Ed Wells Initiative and the Working Together Partnership. Information which could be disclosed to the Union and to the Union Administrative Staff includes information relating to inventions, products, processes, machinery, apparatus, prices, discounts, costs, business affairs or technical data that 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 this program. All Union Administrative Staff shall be provided a copy of this Letter of Understanding and advised of their obligations under it.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *Jennifer Mackay*
President

By *Geoff Stampler*
Director
Union Relations

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

Attachment 10

**LETTER OF UNDERSTANDING
RELATING TO EMPLOYMENT STABILIZATION
(Engineering and Technical Units)**

The parties recognize that a strong, competitive Company is the only assurance of job security and that an effective employment stabilization process must balance the legitimate need for flexibility to successfully compete in a global market.

The parties have agreed to enhance the employment stabilization process through the Joint Company/Union Workforce Committee to discuss and provide relevant, necessary information on a variety of workforce-related subjects, such as skills inventory, the Performance Management process, employment forecasts, and the job posting and transfer process. The committee will meet no less than quarterly.

The Company also agrees to the following:

- The Joint Company/Union Workforce Committee will meet not less than annually to focus on issues relating to job security and assignment of personnel.
- The Company will provide the Union with an overview of Company policies and plans for future subcontracting and offloading that affects bargaining unit employees. Where practicable, the Company will provide advance notice to the Union of significant subcontracting decisions involving work performed by bargaining unit employees.

In summary, the parties recommit to providing for a short term and long, term balance between the Company's need to successfully compete in a global economy and employees' expectations of job security.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *James Mackay*
President

The Boeing Company

By *Jeff Stampler*
Director
Union Relations

Attachment 11

**LETTER OF UNDERSTANDING
RELATING TO NEW EMPLOYEE PROGRESS REVIEW
(Engineering and Technical Units)**

In an effort to assist new-hire employees in reaching their full potential, the New Employee Progress Review (NEPR) has been adopted to counsel new employees to encourage and stimulate job progress and growth. The NEPR can also be used to identify and constructively address performance deficiencies in a timely manner.

This program includes:

- Opportunities for a positive, constructive exchange between a supervisor and a newly-hired employee.

- 1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
- Performance discussions upon completion of the 30th, 90th, 180th and 360th calendar days of employment.
 - Notifying the employee of a performance deficiency.
 - Developing a clear and cogent program for the employee to correct a performance deficiency.
 - Providing the Union with a copy of the proposed action in a timely manner through the Company Union Relations Organization.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *James Mackay*
President

The Boeing Company

By *Jeff Stampler*
Director
Union Relations

Attachment 12

**LETTER OF UNDERSTANDING
RELATING TO PERFORMANCE REMEDIAL ACTION
(Technical Units)**

In an effort to assist all employees in reaching their full potential, a process has been adopted to identify and constructively address performance deficiencies and/or an insufficient level of skills, knowledge, and abilities necessary for current assignments.

This program includes:

- Notifying the employee of the performance deficiency through issuance of a Notice of Remedial Action (NORA) form.
- Notifying the employee of the skills, knowledge and abilities necessary for current assignments.
- Developing a clear and cogent program for the employee to correct the performance deficiency and/or acquire the necessary skills, knowledge, and abilities.
- Providing the Union with a copy of the proposed action in a timely manner through the Company Union Relations Organization.

Performance criteria which may be utilized by the Company to identify potential performance deficiencies and/or an insufficient level of skills, knowledge and abilities shall be reviewed and agreed upon jointly by the Company and the Union.

In accordance with the general objectives stated in 8.3, the Union and the Company agree that employees who are identified as having performance deficiencies or inability to acquire the necessary skills, knowledge, and abilities, may be terminated or, at the Company's option, may be declared surplus to the needs of the Company and placed on layoff in accordance with 8.3(e)(1), 8.4(b)(3) and 9.3(c) irrespective of their retention rating. Employees laid off according to those provisions will retain all rights they may have under Article 3.

1 Receipt of a notice pursuant to this process shall not preclude an employee from seeking other employment
2 within the Company, for which he or she is qualified, through the Boeing job posting process.

3
4 Dated December 2, 2002

5
6 Society of Professional Engineering
7 Employees in Aerospace

The Boeing Company

8
9 By *Jennifer Mackay*
10 President

By *Geoff Stampler*
11 Director
12 Union Relations

13
14
15 Attachment 13

16
17 LETTER OF UNDERSTANDING
18 RELATING TO VOLUNTARY LAYOFFS
19 (Engineering and Technical Units)

20 The Company and the Union agree that, any provision in the parties' Collective Bargaining Agreements
21 to the contrary notwithstanding, an employee may request that he or she be voluntarily laid off. If the
22 request is approved by management, the employee will be coded as a layoff and will be regarded for all
23 Company purposes as a laid off employee, except for purposes of layoff benefits under Article 21. The
24 Union will be advised of all employees approved for voluntary layoff.

25
26 Dated December 2, 2002

27
28 Society of Professional Engineering
29 Employees in Aerospace

The Boeing Company

30
31 By *Jennifer Mackay*
32 President

By *Geoff Stampler*
33 Director
34 Union Relations

35
36
37 Attachment 14

38
39 LETTER OF UNDERSTANDING
40 RELATING TO DESIGNATED EMPLOYEES
41 (Technical Units)

42 A mutually agreed upon process has been developed and implemented for the purpose of identifying
43 employees who, while not subject to 8.4(b)(3), will be declared ineligible for first consideration recall
44 rights. This process includes the following elements:

- 45 • Designated employees will be identified as part of the retention indexing process and advised in
46 writing that, in the event of layoff during the period of time between retention indexes, they will
47 have no first consideration recall rights.
- 48 • Designated employees must have an assigned R3 retention rating.
- 49 • Designated employees will be identified by skill teams.
- 50 • Designated employees who have one (1) full year of service and who elect to receive income
51 continuation benefits under 21.3(b) will nevertheless be ineligible for first consideration recall
52 rights.
- 53 • Designated employees who have one (1) full year of service and who elect to receive income
54 continuation benefits under 21.3(b) will nevertheless be ineligible for first consideration recall
55 rights.
- 56

1 Employees who have been so designated will be provided with an Employee Improvement Action Plan
2 which will identify the specific conditions leading to the designation and improvements necessary to avoid
3 such designations in the future. Management and the employee will have on-going discussions about the
4 employee's progress in achieving the objectives outlined in the action plan. The Company will promptly
5 notify the Union of the identities of designated employees. The identification of designated employees
6 shall not be subject to Article 3; however, designated employees may appeal the designation regardless of
7 their previous retention index rating in accordance with 8.3(b)(7).

8
9 Designations pursuant to this Letter of Understanding will remain in effect until the next scheduled
10 retention review exercise.

11
12 Dated December 2, 2002

13
14 Society of Professional Engineering
15 Employees in Aerospace

The Boeing Company

16
17 By *Jennifer Mackay*
18 President

By *Geoff Stampler*
19 Director
20 Union Relations

21
22
23 Attachment 15

24
25 LETTER OF UNDERSTANDING
26 RELATING TO TEMPORARY RECALL
27 (Engineering and Technical Units)

28 The parties acknowledge that Article 9 limits the use of contract personnel during workforce reductions or
29 when employees are on active recall status. The parties acknowledge further that occasionally situations
30 arise when short-term assignments require additional staffing. In the past, the Company has contracted
31 those work packages to non-Boeing entities. The Company in its sole discretion has from time to time
32 preferred to have this work performed by employees on active layoff status.

33
34 In recognition of the fact that the work under discussion involves short-term assignments, the parties agree
35 to the implementation of the process described immediately below.

- 36
37 1. The process shall be known as Temporary Recall and shall be defined as the temporary
38 re-employment of individuals on active layoff status (hereinafter "employees").
- 39
40 2. Temporary Recall assignments may be designated for specific programs or projects with a defined
41 beginning and ending date. The normal minimum will be one (1) month and the normal
42 maximum will be six (6) months. Assignments will normally be full time (average eighty (80)
43 hours in a pay period).
- 44
45 3. The Company will determine which employees will be offered Temporary Recall assignments.
46 Temporary Recall will be strictly voluntary on the part of the employee. Refusing to consider an
47 employee for Temporary Recall or an employee's rejection of an offer of Temporary Recall will not
48 affect the employee's active layoff status.
- 49
50 4. Temporarily recalled employees will receive the same salary they were receiving prior to layoff,
51 adjusted for any general wage increases implemented between the date of their original layoff and
52 temporary recall.
- 53
54 5. If the temporarily recalled employee begins within one year of the original layoff effective date,
55 eligibility for coverage for medical/dental insurance, life insurance, accidental death and
56 dismemberment insurance, business travel accident insurance, long-term and short-term

1 disability insurance, and voluntary personal accident insurance begins on the first day of the
2 month following the month in which the re-employment commences. If the temporarily recalled
3 employee begins at least one year after the original layoff effective date, eligibility for coverage for
4 such benefits begins the first day of the month following one full calendar month of continuous
5 employment.

6
7 6. With regard to the Retirement Plan, unused sick leave, and vacation, employees on Temporary
8 Recall will be set up in the system based on their respective layoff/recall circumstances. This will
9 include the reactivation of unused but earned credits and the generation of future benefits
10 consistent with standard policies. Voluntary Investment Plan contributions may be resumed,
11 beginning on the first of the month following recall.

12
13 7. Company service will be earned beginning the first day back on the active payroll.

14
15 8. Active layoff status will not be interrupted. Filing requirements once during each half year for
16 first consideration recall status will remain.

17
18 9. Employees on Temporary Recall will not receive a retention rating based on Temporary Recall
19 assignments.

20
21 10. Employees on Temporary Recall will generate funds for a selective adjustment exercise if they meet
22 contractual criteria.

23
24 11. Employees on Temporary Recall will not be eligible for layoff benefits when their Temporary
25 Recall assignment ends.

26
27 Dated December 2, 2002

28
29 Society of Professional Engineering
30 Employees in Aerospace

The Boeing Company

31
32 By *Jennifer Mackay*

By *Geoff Stampler*

33
34 President

35 Director
36 Union Relations

37
38
39
40 Attachment 16

41 LETTER OF UNDERSTANDING
42 RELATING TO JOINT BENEFITS DISCUSSION GROUP
43 (Engineering and Technical Units)

44
45 The Company and the Union are committed to ensuring that employees have access to cost effective,
46 quality health care coverage. Because of their ongoing concern about the quality of health care and costs,
47 the parties agree to continue their Joint Benefits Discussion Group. The group will have an equal
48 number of representatives, including a co-chair, from each party. When appropriate, health care experts
49 and representatives from the Company's health plans will be invited to attend group meetings. Each party
50 may have their benefits consultants and advisors attend group meetings. The group will meet at least twice
51 each year to discuss issues related to the health care program. The group also will meet with health care
52 providers to express the parties' interest in obtaining quality health care at affordable prices. Among the
53 topics the parties will consider and discuss are:

- 54
55 • Boeing Traditional Medical Plan experience, Coordinated Care Plan and Health Maintenance
56 Organization costs and experience.

- 1 • Cost management programs, health plan accountability for quality and efficiency, and provider
2 quality.
3
4 • Measurement tools for evaluating health plans, including accreditation from a nationally
5 recognized group such as the National Committee for Quality Assurance (NCQA).
6
7 • Benchmark data from other employers.
8
9 • Patient safety initiatives designed to improve the health of employees and thereby reduce overall
10 medical costs with the understanding that such health care initiatives will embrace certain medical
11 plan design principles.

12
13 Other benefit issues may be discussed from time-to-time at the request of either party.

14
15 Society of Professional Engineering
16 Employees in Aerospace

The Boeing Company

17
18 By *Jennifer Mackay*

By *Geoff Stampler*

19
20 President

21 Director
22 Union Relations

23
24
25
26
27 Attachment 17
28 LETTER OF UNDERSTANDING
29 RELATING TO PART-TIME EMPLOYMENT
30 (Technical Units)

31
32 The Company and the Union agree that employee requests to be placed on part-time work schedules
33 to assist employees with personal concerns may be authorized when compatible with Company
34 schedules. The term "part-time work schedule" shall mean a work schedule consisting of a seven-day
35 cycle with fixed days and hours of work that are less than forty (40) hours over one regular workweek, or
36 a fourteen-day cycle with fixed days and hours of work that are less than eighty (80) hours over two
37 regular workweeks. No minimum or maximum number of hours will be required, but fixed days and
38 hours of work must be established. A part-time work schedule must be approved by the employee's
39 immediate and second-level management and is applicable only to the particular position the
40 employee occupies when the schedule is approved. Approval of a part-time work schedule is subject to
41 revocation at any time. Management may request an employee on a part-time work schedule to return to
42 work on a full-time basis regardless of the employee's retention index when part-time work is no longer
43 appropriate.

44
45 Employees on part-time work schedules will be subject to all provisions of the Agreement and the
46 provisions of PRO-522 dated May 8, 2002.

47
48 Dated December 2, 2002

49
50 Society of Professional Engineering
51 Employees in Aerospace

The Boeing Company

52
53 By *Jennifer Mackay*

By *Geoff Stampler*

54
55 President

56 Director
Union Relations

LETTER OF UNDERSTANDING
RELATING TO JOINT COMPENSATION DISCUSSION GROUP
(Engineering and Technical Units)

The parties enter this letter of understanding to express their intent to continue their Joint Compensation Discussion Group.

The discussion group shall meet no less than annually during the term of this Agreement. Subjects for discussion may include the Company's compensation philosophy, market relationships, and the salary planning process.

It is understood that the group is established solely for purposes of discussion, and that the group is not a forum for making recommendations or seeking agreement. Group discussions shall not reopen the parties' Agreement or affect Article 2 thereof.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *James Mackay*
President

By *Geoff Stamp*
Director
Union Relations

LETTER OF UNDERSTANDING
RELATING TO SHAREVALUE PROGRAM
(Engineering and Technical Units)

The 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 incentive program is to help inform employees about what makes a business run and produces shareholder value, and to allow employees to share in the results of their efforts to increase shareholder value.

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 December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *James Mackay*
President

By *Geoff Stamp*
Director
Union Relations

LETTER OF UNDERSTANDING
RELATING TO VIRTUAL OFFICE/TELECOMMUTING
(Engineering and Technical Units)

The parties enter into this Letter of Understanding as a result of the implementation of the Virtual Office/Telecommuting Program. Following is a summary of the general provisions of this Program as they apply to exempt and non-exempt SPEEA-represented employees.

Telecommuting or "Work at Home" and other aspects of the Virtual Office have proven to be a viable work option that, when appropriately applied, benefit both the Company and the individual. The Virtual Office provides a balance between the tasks that are the responsibility of each individual and the requirements of each team and group.

The Virtual Office is a cooperative agreement between the manager and the employee, not an entitlement, and is based on (1) the needs of the job assignment, work group and the Company, and (2) the employee's past and present levels of performance and defined personal characteristics. Participation in the Virtual Office Program is entirely voluntary and may be terminated by the employee, his/her manager, or the Company at any time.

The employee's duties, obligations, responsibilities and conditions of employment with the Company remain unchanged. Employees remain obligated to comply with all Company rules, policies, practices and instructions.

The detailed terms and conditions of this Program are covered in the Virtual Office Program procedure, PRO - 497, which is subject to change at the Company's discretion.

Disputes concerning the content of this Letter of Understanding shall not be subject to the grievance and arbitration procedure of Article 3. Nothing in this Letter waives any rights reserved in Article 2.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

By *James Mackay*
President

By *Geoff Stamp*
Director
Union Relations

LETTER OF UNDERSTANDING
RELATING TO THE TRAVEL CARD PROCESS
(Engineering and Technical Units)

The Company and the Union enter this Letter of Understanding to memorialize their agreement to continue to monitor the process of paying business travel expenses and their ongoing mutual commitment for improvements in the same.

The parties agree to continue their joint committee, consisting of two representatives each from the Company and the Union. The purpose of the committee is to review issues, suggest short term and long term process improvements, and address any concerns with the process. The committee will, through mutual agreement, recommend solutions to the Company's travel card process owners (currently Shared Services Travel Accounting/Finance Group). The committee will meet as necessary but no less than quarterly.

In addition to the terms and conditions defined by the Company, the following provisions continue to apply to the travel card process:

1. Employees will not be required to pay the card company for authorized business expenses before receiving payment from Travel Accounting so long as the delay in receiving that payment is due to the Company's neglect of factors outside the employee's control.
2. If due to obvious employee neglect, payment to the card company is not made within sixty (60) days of receiving the invoice, the employee will be responsible for paying a 2.5 percent fee plus \$10. The Company will pay any such fees that are incurred due to its neglect or because of process delays outside the employee's control. Any dispute over the imposition of such fees will be subject to Article 3.
3. In the event an employee has a disputed billing with the card company, the employee shall follow the guidelines for dispute resolution listed on the reverse side of the travel card invoice. The employee may contact Travel Accounting for assistance, and both will work cooperatively to resolve disputes.
4. Payment delinquencies will not be reported to a credit bureau unless the card company prevails in an action to collect the unpaid debt. Such legal action shall not commence unless the unpaid invoice is the employee's responsibility and the invoice has been left unpaid for over 250 days.
5. Authorized management may exempt employees who engage in extensive/frequent travel or for whom special circumstances exist from the decentralized billing process. Any employee shall be free to request an exemption.
6. The Company will take reasonable steps to preserve the confidentiality of the employee's personal and financial information related to the use of the travel card, and will use such information only for legitimate business reasons. Such information will not be used for solicitations for activities not related to company travel.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *Jennifer Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 22

LETTER OF UNDERSTANDING
RELATING TO FREQUENT FLIER MILEAGE
(Engineering and Technical Units)

The Company agrees that frequent flier mileage for business travel will be credited to personal employee accounts and may be applied towards personal travel. Employees must continue to comply with Company directives and Boeing Travel Office procedures including those designed to minimize travel-related costs without regard to frequent flier mileage program considerations.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *Jennifer Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 23

LETTER OF UNDERSTANDING
RELATING TO SPEEA ACCESS
TO THE BOEING WEB
(Engineering and Technical Units)

The parties hereby agree that SPEEA shall have access to the Boeing internal Web page. To that effect, the parties agree as follows:

1. SPEEA shall maintain the confidentiality of all information, data and computer programs ("Information Assets") to which SPEEA has access, along with any passwords or access procedures given to facilitate access to "authorized SPEEA users".
2. SPEEA shall only access the Information Assets specified by the Boeing Computing Access Focal Point, and then only in accordance with the access procedures.
3. SPEEA shall not access any other Information Assets not approved by the Boeing Computing Access Focal Point.
4. SPEEA shall not remove any Information Assets from Boeing computing systems, or delete, change or otherwise modify any Information Assets.
5. Access to Information Assets marked "Boeing Limited" or bearing Government classified markings is strictly prohibited.

The Company may re-evaluate access at any time. Any decision by the Company to withdraw access shall not be subject to the provisions of Article 3.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *Jennifer Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 24

LETTER OF UNDERSTANDING
RELATING TO SALARY REVIEW CONSIDERATION
UPON RETURN FROM LEAVE OF ABSENCE
(Engineering and Technical Units)

The parties enter this Letter of Understanding to address the subject of consistency in salary review decisions for employees returning to work from approved leave of absence.

The Company agrees to develop a process to provide a consistent review of employees' salaries as they return to work from approved leave of absence, giving consideration to various factors, such

1 as peer review, additional experience and education obtained, and other factors as deemed appropriate.
2 appropriate.

3
4 Dated December 2, 2002

5
6 Society of Professional Engineering
7 Employees in Aerospace

8 By *Jennifer Mackay*
9 President

The Boeing Company

10 By *Geoff Stampler*
11 Director
12 Union Relations

13
14
15 Attachment 25

16 LETTER OF UNDERSTANDING
17 RELATING TO LUMP SUM CASH PAYMENT
18 (Engineering and Technical Units)

19 The Company agrees to pay employees covered by this Agreement and on the active payroll or approved
20 leave of absence on December 2, 2002 a lump sum payment equal to six (6) percent of an employee's
21 bargaining unit gross earnings during the period from December 1, 2001 through November 30, 2002,
22 less applicable withholding, if this agreement is ratified on or before December 2, 2002.

23
24 Bargaining unit gross earnings means that portion of an eligible employee's total earnings while in the
25 bargaining unit which is computed at the employee's base rate on regular hours worked, sick leave hours
26 (including those paid from FSP funds), vacation hours, holiday hours, and leave with pay hours; at the
27 overtime rate for all compensated overtime hours worked. All other payments to an employee, imputed
28 or otherwise, including this lump sum payment, are excluded from bargaining unit gross earnings for
29 purposes of computing his or her lump sum.
30

31 Dated December 2, 2002

32
33 Society of Professional Engineering
34 Employees in Aerospace

35 By *Jennifer Mackay*
36 President

The Boeing Company

37 By *Geoff Stampler*
38 Director
39 Union Relations

40
41
42 Attachment 26

43 LETTER OF UNDERSTANDING
44 RELATING TO RETRAINING SKILL TRANSITION
45 (Technical Units)

46 Employees selected by management to participate in a program of formal training in a field outside their
47 current job classification and SMC, which training is conducted or approved by the Company, and
48 employees who at management's request transfer from one major functional area to another for a
49 Company-sponsored skill transition and retraining program, will be assigned a unique SMC upon
50 entering the training program or upon transfer to the new functional area respectively. The trainee shall
51 retain this unique SMC for a period of six (6) months following completion of training or transfer to the
52 new functional area, as the case may be, in order to allow time for the trainee to demonstrate his/her
53 adaptability to the new assignment.
54
55
56

1 During the period in which the trainee is assigned the unique SMC, he or she will retain the retention
2 rating held at the time of assignment to the unique SMC.

3
4 In the event a surplus is declared in the trainee's new assignment and if the trainee's retention rating would
5 cause him or her to be an individual surplus, the trainee will be returned for assignment to an area under
6 his or her last held regular assigned job classification and SMC and the retention rating of record.

7 Dated December 2, 2002

8
9 Society of Professional Engineering
10 Employees in Aerospace

11 By *Jennifer Mackay*
12 President

The Boeing Company

13 By *Geoff Stampler*
14 Director
15 Union Relations

16
17
18 Attachment 27
19 LETTER OF UNDERSTANDING
20 RELATING TO PROMOTIONS
21 (Technical Units)

22 For each review period below, the Company will spend at least one half of one percent (.5%) of the total
23 unit salaries as of the start date of the review period on adjustments accompanied by a change in level
24 (promotion). In the event less than .5% is spent during the review period, the delta between the actual
25 expenditure and .5% will be added to the next salary adjustment fund. The minimum promotional
26 increase will be \$2,000.
27

Review period	Start date	End date
One	December 2, 2002	January 23, 2004
Two	January 24, 2004	January 21, 2005
Three	January 22, 2005	December 1, 2005

28 Dated December 2, 2002

29 Society of Professional Engineering
30 Employees in Aerospace

31 By *Jennifer Mackay*
32 President

The Boeing Company

33 By *Geoff Stampler*
34 Director
35 Union Relations

36
37
38 Attachment 28
39 LETTER OF UNDERSTANDING
40 RELATING TO THE USE OF EMPLOYEE SKILLS INVENTORY
41 (Engineering and Technical Units)

42 The Company and the Union enter this Letter of Understanding to address the practice of identifying and
43 maintaining an employee's skills inventory.
44
45
46
47
48
49
50
51
52
53
54
55
56

1 The Company will explore viable options and will engage in discussions with the Union about employee
2 skills inventory as it relates to the matching of employee skills to resource requirements.

3
4 Dated December 2, 2002

5
6 Society of Professional Engineering
7 Employees in Aerospace

The Boeing Company

8
9 By *Jennifer Mackay*
10
11 President

By *Geoff Stamp*
12
13 Director
14 Union Relations

15
16
17 Attachment 29

18 LETTER OF UNDERSTANDING
19 RELATING TO AOG ASSIGNMENTS
20 (Technical Units)

21 Boeing Commercial Airplane Group employees on emergency field assignments relating to airplane on
22 ground (AOG) involving overnight travel from their home location to a location where the Company has
23 not established an operation, and when such travel is covered by the Company's Business Travel procedures,
24 shall not be subject to the provisions of Section 11.2.

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

- 26
27 (1) No shift identification will be assigned.
28
29 (2) Monday through Friday will be designated as regular workdays.
30
31 (3) Saturday will be designated as the first day of rest and Sunday will be designated as the second day
32 of rest.
33

34 Wage payment basis will be as follows:

- 35
36 (1) The employee shall receive at least eight (8) hours pay for each regular workday on which the
37 employee works or is available for work.
38
39 (2) The employee's regular rate shall include his or her base rate plus a weekend premium rate of
40 \$2.00 per hour.
41
42 (3) For time worked in excess of 40 through 52 compensated hours in a workweek on other than a
43 second day of rest, the employee shall be paid one and one-half times his or her base rate. For
44 time worked in excess of 52 compensated hours in a workweek, the employee shall be paid at
45 double his or her base rate.
46
47 (4) For time worked on the second day of rest and in excess of 40 compensated hours in a workweek,
48 the employee shall be paid at double his or her base rate.
49
50 (5) For Company holidays which occur during a travel assignment, employees shall receive eight (8)
51 hours' holiday pay; and in addition, for time worked on a holiday, the employee shall be paid at
52 his or her regular rate for twice the hours worked.
53

54 The following telephone and laundry allowance will be authorized:
55
56

- 1 (1) An employee will be authorized to telephone his home at Company expense in accordance with
2 applicable Company policy. Where available, the Company's BTN system will be used. When
3 necessary to use conventional long-distance service, the employee will be reimbursed for the cost
4 of the call, provided the call is of reasonable duration.
5
6 (2) An employee on a travel assignment will be reimbursed for the cost of any laundry service which
7 is reasonable and necessary in accordance with applicable Company policy.
8

9 Employees returning from such a travel assignment will be allowed twelve (12) hours between time
10 of arrival at the home terminal, or clearance from U.S. Customs at the home terminal in the case of
11 employees returning from international locations, and the start of their next regular shift assignment.
12 Employees will be granted leave with pay for any unworked portion of their assigned shift which falls
13 within this twelve-hour period provided they report for work at the applicable time so described in this
14 provision. Exception to the above provision will be in the case where the twelve (12) hour period extends
15 beyond the end of the employee's regularly scheduled lunch period, in which case the employee will not be
16 required to report for work and will be paid for the entire shift.

17 Employees on intercontinental travel assignments for which time enroute exceeds twelve (12) continuous
18 hours will not be required to work their regular shift on the date of departure and will receive a minimum
19 of eight (8) hours pay for that day. When travel time enroute to a customer work location exceeds twelve
20 (12) continuous hours, a minimum of twelve (12) hours rest will be provided prior to beginning work
21 whenever possible within customer-required schedules.

22 Dated December 2, 2002

23 Society of Professional Engineering
24 Employees in Aerospace

The Boeing Company

25
26 By *Jennifer Mackay*
27
28 President

By *Geoff Stamp*
29
30 Director
31 Union Relations

32
33 Attachment 30
34 LETTER OF UNDERSTANDING
35 RELATING TO TECHNICAL EXCELLENCE PROGRAM
36 (Technical Units)

37 The Company agrees to maintain a Technical Excellence Program for the purpose of recognizing
38 individuals who have developed a high level of technical skill and a work history of outstanding technical
39 accomplishments. The Company will maintain the standards and criteria to be used to identify such
40 individuals, and the recognition to be accorded them. The Company will give consideration to the Union's
41 views on said standards, criteria, and recognition.
42

43 Claims that employees are qualified for recognition in the Technical Excellence Program shall not be
44 subject to Article 3.
45

46 Dated December 2, 2002

47 Society of Professional Engineering
48 Employees in Aerospace

The Boeing Company

49
50 By *Jennifer Mackay*
51
52 President

By *Geoff Stamp*
53
54 Director
55 Union Relations
56

LETTER OF UNDERSTANDING
RELATING TO IMPLEMENTATION OF A REVISED TECHNICAL
RETENTION INDEX AND REDEPLOYMENT PROCESS
(Technical Unit)

The Company and the Union have agreed to review the Technical Unit retention and redeployment process set forth in Section 8.3. The review will be completed prior to November 30, 2004.

1. The Company and Union will work together to define the suggested revisions to the process as well as desired implementation dates for, and conversion to, any revised process. The revised process will ensure, to the extent practicable, equitable treatment for all bargaining unit employees and may be regardless of level.
2. A joint steering committee shall be established consisting of equal numbers of representatives from each party. The committee shall meet as necessary to oversee the development and implementation of any revised process. The revised process will be developed by the Joint Workforce Committee and subject to approval by both parties.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *Jennifer Mackay*
President

The Boeing Company

By *Jeff Stampler*
Director
Union Relations

SIDE LETTER
SPEEA & BOEING - JOINT COMMITMENT
(Engineering and Technical Units)
November 8, 2002

The recent, significant reductions in employment in Commercial Airplanes have been very painful for everyone involved. The negative effects on both morale and productivity have been substantial. This, along with the continued difficult economic conditions, have resulted in a great deal of focus on both job security and our future.

SPEEA and the Company understand the impact these issues have on employees and their careers, and are developing constructive approaches to address them. The foundation of our company's success is the technical workforce, and it is clear that business success starts with commitment to people first. This commitment must be demonstrated by our actions, and our agreement to form a real partnership is an important step forward.

As we all know, job security is enhanced by preparing ourselves to compete more effectively in a dynamic, global marketplace. SPEEA and the Company are jointly committed to a number of critical initiatives where we will work together for the mutual success of employees, SPEEA and Boeing. These include:

- Breakthrough improvements in productivity and morale through effective utilization
- Retention and transfer of key knowledge
- Restructuring and reorganizing our company and team
- Alignment of our product definition teams internally and externally to improve quality, cost and cycle time of our products
- Exploring more effective ways to link compensation to productivity
- Improved approaches to increase stabilization of employment levels
- Life-long learning as an investment in our knowledge and skills

We have recently completed a study on external alignment with our BCA Landing Gear Design Center team. The engagement of the employees directly involved in the process under examination has provided us with some key insights into both the benefits and obstacles to external alignment. One outcome is a new plan to primarily align our teams with their true internal customers, and then consider external alignment from a more strategic view when warranted.

In addition, we have been studying approaches to achieve dramatic improvements in productivity, again using employee engagement as the primary approach to change. This study has modeled the effects of normal attrition over the next five years, and confirms that we must double our productivity over the next five years if we are to avoid another wave of significant employment increases as the airline industry recovers from the current downturn.

As we define and implement these key initiatives, our desire is that we use attrition whenever practical to accomplish any further reductions in employment and avoid layoffs in the future. However, due to the cyclical nature of our business, it is difficult to predict and control conditions that affect employment levels. Therefore, to the extent practical, the Company will provide job transition support and services to the technical workforce affected by employment reductions through, but not limited to, the following:

- Skills retraining (Ed Wells Initiative)
- Career Transition Services
 - Career Counseling
 - Resume preparation
- Boeing Enterprise Staffing System (BESS)
- Intellectual capital management
- Skills management through Process Councils and Skill Teams
- Partnerships with local educational institutions
- Financial counseling
- Medical benefits continuation
- Income benefits continuation (involuntary layoff only)

1 Our plan is to begin implementation of key initiatives and process changes now. Concurrently, we will
2 begin programs for knowledge retention & transfer and skill retraining to support employees as Boeing
3 transitions over time. We have committed additional funds to the Ed Wells Initiative and expanded it to
4 include the joint partnership efforts. We will also re-energize our Joint Workforce Committee to allow
5 continued discussion on these important topics.

6
7 Lastly, we will continue to work together to build a positive and successful future for our company and
8 our team.
9

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

ATTACHMENT A

SOCIETY OF PROFESSIONAL ENGINEERING
EMPLOYEES IN AEROSPACE

GROUP BENEFITS PACKAGE

- Life Insurance
- Accidental Death and Dismemberment
- Short Term Disability
- Medical
- Dental

Section	Title	Page
1	ELIGIBLE EMPLOYEES	A-5
2	ELIGIBLE DEPENDENTS	A-5
	A. Special Provisions When Family Members Are Boeing Employees	A-6
	B. Incapacitated Children	A-6
3	HOW TO ENROLL	A-6
	A. Life Insurance, Accidental Death and Dismemberment, A-6 and Short Term Disability Plans	A-6
	B. Medical Plans	A-6
	C. Dental Plans	A-7
	D. Annual Enrollment Period	A-7
	E. Special Enrollment	A-7
	F. Changes in Status	A-8
4	EFFECTIVE DATE OF COVERAGE	A-9
	A. Employees	A-9
	B. Dependents	A-9
5	COMPANY AND EMPLOYEE CONTRIBUTIONS	A-10
6	LIFE INSURANCE PLAN	A-10
7	ACCIDENTAL DEATH AND DISMEMBERMENT PLAN	A-10
8	SHORT TERM DISABILITY PLAN	A-12
9	CHANGES IN AMOUNT OF LIFE INSURANCE AND SHORT TERM DISABILITY BENEFITS	A-13
10	MEDICAL PLANS – SCHEDULE OF BENEFITS	A-13
	A. Preventive Care Services	A-13
	B. Covered Medical Services and Supplies	A-13
	C. Special Conditions	A-14
	D. Vision Care	A-15
	E. Prescription Drugs	A-15
11	MEDICAL PLANS – PAYMENT PROVISIONS	A-15
	A. Deductibles	A-15
	B. Copayments	A-16
	C. Plan Payment Levels	A-18
	D. Lifetime Maximum Benefit	A-24
12	TRADITIONAL MEDICAL PLAN	A-24
	A. Description	A-24
	B. Medical Review Program	A-24
	C. Preventive Care	A-25
	D. Covered Medical Services and Supplies	A-25
	E. Special Conditions	A-30
	F. Vision Care Benefit	A-34
	G. Prescription Drug Benefit	A-36
	H. Traditional Medical Plan Exclusions	A-38
	I. Right to Receive and Release Necessary Information	A-40

Section	Title	Page
13	DENTAL PLANS (PREFERRED DENTAL PLAN AND PREPAID DENTAL PLAN)	A-41
	A. Covered Services and Supplies	A-41
	B. Dental Plan Exclusions	A-44
14	PREFERRED DENTAL PLAN	A-45
	A. Description of Preferred Dental Plan	A-45
	B. Plan Payment Levels	A-45
	C. Maximum Benefits	A-46
15	PREPAID DENTAL PLAN	A-46
	A. Description of Prepaid Dental Plan	A-46
	B. Provider Selection	A-46
	C. Plan Payment Levels and Maximum Benefits	A-46
	D. Out-of-Area Emergencies	A-46
16	SCHEDULED DENTAL PLAN	A-47
	A. Description of Scheduled Dental Plan	A-47
	B. Provider Selection	A-47
	C. Deductibles	A-47
	D. Plan Payment Levels	A-47
	E. Maximum Benefits	A-48
	F. Schedule of Covered Dental Services	A-48
	G. Limitations on Benefits	A-51
	H. Scheduled Dental Plan Exclusions	A-52
17	COORDINATION OF BENEFITS	A-53
	A. Order of Payment	A-53
	B. Traditional Medical Plan	A-54
	C. Coordinated Care Plans	A-54
	D. Dental Plans	A-54
18	WHEN AN INJURY OR ILLNESS IS CAUSED BY THE NEGLIGENCE OF ANOTHER	A-55
19	DEFINITIONS	A-55
20	TERMINATION OF COVERAGE	A-61
	A. Life Insurance Coverage	A-61
	B. Accidental Death and Dismemberment Coverage	A-61
	C. Short Term Disability Coverage	A-61
	D. Medical Coverage	A-61
	E. Dental Coverage	A-62
	F. Change in Eligible Class of Employment	A-62
	G. Continuation of Medical and Dental Coverage (COBRA)	A-62
21	LEAVES OF ABSENCE	A-63
	A. Approved Medical Leaves of Absence	A-63
	B. Other Approved Leaves of Absence	A-63
	C. Family and Medical Leave Act of 1993	A-64
	D. Uniformed Services Leave of Absence	A-64
	E. Changes in Leave Types	A-64
	F. Successive Periods of Leaves of Absence	A-64

THE PACKAGE

The Package includes:

- Life Insurance Plan
- Accidental Death and Dismemberment Plan
- Short Term Disability Plan
- Medical Plans
- Dental Plans

SECTION 1.
ELIGIBLE EMPLOYEES

Employees eligible for the Package are active Boeing salaried employees represented by the Society of Professional Engineering Employees in Aerospace. The employee is not eligible to enroll if he or she is working in a capacity that, at the sole discretion of the plan administrator, is considered contract labor or independent contracting.

SECTION 2.
ELIGIBLE DEPENDENTS

Dependents eligible for the medical and dental plans are the employee's legal spouse and children (natural children, adopted children, children legally placed with the employee for adoption, and stepchildren) who are under age 25, unmarried, and dependent on the employee for principal support, including children who are attending school.

An employee may request coverage for the following dependents:

1. A common-law spouse if the relationship meets the common-law requirements for the state in which the employee entered into the common-law relationship.
2. A same-gender domestic partner if the employee and same-gender domestic partner meet all of the following requirements. The employee and partner must be:
 - a. Of the same gender.
 - b. Eighteen years of age or older.
 - c. Financially interdependent and share the same residence.
 - d. Not married to or legally separated from another person or involved in another same-gender domestic partner relationship.
 - e. Not blood relatives of a degree of closeness that would prohibit marriage.

A same-gender domestic partner is considered a spouse for the purpose of the medical and dental plans. The employee must complete an Affidavit of Domestic Partnership to cover a same-gender domestic partner under the medical and dental plans.

3. Unmarried children of the employee's same-gender domestic partner who are under age 25. These children are considered stepchildren for the purpose of the medical and dental plans. The Affidavit of Domestic Partnership requirement applies.
4. Other children, as follows, who are under age 25, unmarried, and dependent on the employee for principal support, including children who are attending school:
 - a. Children who are related to the employee either directly or through marriage (e.g., grandchildren, nieces, nephews).
 - b. Children for whom the employee has legal custody or guardianship, or has a pending application for legal custody or guardianship, and are living with the employee.

Annual certification of eligibility is required to continue coverage for children from age 19 through age 24.

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

4
5 Documentation is required to request coverage for a child named in a QMCSO, for a child for whom the
6 employee has been given legal custody or guardianship, or for a same-gender domestic partner or his or her
7 children.

9 A. Special Provisions When Family Members Are Boeing Employees

10 No person may be covered both as an employee (active or retired) and as a dependent under any type
11 of plan offered by Boeing, and no person will be considered a dependent of more than one
12 employee. Eligible dependents do not include other Boeing employees covered under any Company-
13 sponsored plan providing medical, vision care, prescription drug, dental, or similar services. However,
14 if a dependent spouse is also a part-time Boeing employee, the spouse and eligible dependent children
15 are considered eligible dependents if other Boeing coverage is waived. If the employee and spouse both
16 are Boeing employees and have dependent children, the parents may elect medical and dental
17 coverage for eligible children under one parent's plans. As an alternative, parents may elect medical
18 coverage for eligible children under one parent's plan and dental coverage under the other parent's
19 plan. In either case, all eligible children must be enrolled in the same medical plan and the same
20 dental plan (except as required by a QMCSO). The same provisions apply to a same-gender
21 domestic partner and his or her children.

24 B. Incapacitated Children

25 A disabled child age 25 or older may continue to be eligible (or enrolled if the employee is a newly
26 eligible employee) if he or she is incapable of self-support due to any mental or physical condition that
27 began before age 25. The child must be unmarried and dependent on the employee for principal
28 support. Coverage may continue under the medical and dental plans for the duration of the
29 incapacity as long as the employee continues to be eligible under the plans and the child continues to
30 meet these eligibility requirements.

31
32 Special applications for coverage are required for disabled dependent children age 25 or older.

37 SECTION 3. 38 HOW TO ENROLL

40 A. Life Insurance, Accidental Death and Dismemberment, and Short Term Disability Plans

41 Employees automatically are enrolled in the Life Insurance, Accidental Death and Dismemberment,
42 and Short Term Disability Plans when eligible. The employee may designate a beneficiary for life and
43 accident benefits through the Boeing Service Center.

46 B. Medical Plans

47 In designated locations, the Company provides employees with a choice among medical plans. The
48 Traditional Medical Plan offers enhanced benefits when a member of its network is used. Coordinated
49 care plans and health maintenance organizations (HMOs) also rely on selected networks of providers.

50 Employees receive enrollment instructions at the time of employment and may elect medical coverage
51 under one medical plan by the date indicated on the enrollment worksheet. All family members,
52 including the employee, must be enrolled in the same medical plan, except as specified in Section 2.A.

53
54
55 The Company provides medical coverage as follows:
56

1 Employees who live or work in a coordinated care plan or HMO service area may enroll in a
2 coordinated care plan, HMO, or the Traditional Medical Plan.

3
4 Employees who do not live or work in a coordinated care plan or HMO service area may enroll
5 in the Traditional Medical Plan.

6
7 Some coordinated care plans and HMOs do not offer same-gender domestic partner coverage.

8
9 Each employee with a spouse (or same-gender domestic partner) enrolled in a Company-
10 sponsored plan must provide information regarding coverage available through another employer
11 to determine whether or not special contributions are required to enroll the spouse. If the
12 employee does not authorize a required contribution, the spouse will not be enrolled for medical
13 coverage. The employee will not be able to enroll the spouse until the earlier of:

14 a. The next annual enrollment period.

15
16 b. The date the spouse loses the option to be covered under the other employer-sponsored
17 medical plan.

18
19 The Company will require periodic verification of data.

22 C. Dental Plans

23 Employees in certain areas are offered three (3) dental plans: the Scheduled Dental Plan, Preferred
24 Dental Plan, and Prepaid Dental Plan. In certain areas, provider networks for the Preferred Dental
25 Plan and/or Prepaid Dental Plan may not be available and employees are offered only the Scheduled
26 Dental Plan. Employees receive enrollment instructions at the time of employment and may elect
27 dental coverage under one dental plan by the date indicated on the enrollment worksheet. All family
28 members, including the employee, must be enrolled in the same dental plan except as specified in
29 Section 2.A.

30
31 The Company provides dental coverage as follows:

32
33 1. The Company provides coverage under the Scheduled Dental Plan, Preferred Dental Plan, or
34 Prepaid Dental Plan for employees who live in a service area of the Preferred Dental Plan or
35 Prepaid Dental Plan.

36
37 Under the Prepaid Dental Plan, employees must select a participating provider from the prepaid
38 provider network. No dental benefits are payable until the employee selects a participating provider.

39
40 2. The Company provides dental coverage under the Scheduled Dental Plan to employees who do
41 not live or work in a service area of the Preferred Dental Plan or Prepaid Dental Plan.

42 D. Annual Enrollment Period

43
44 The Company establishes an annual enrollment period when employees may change medical and/or
45 dental plans.

46 E. Special Enrollment

47
48 If an employee declines dependent enrollment in the medical and dental plans because of other
49 employer-sponsored health care coverage (such as through a spouse's employer), the employee may be
50 able to enroll eligible dependents in the Company-sponsored medical and dental plans during the year
51 as long as enrollment is within sixty (60) days after other coverage ends.

52
53
54 If an employee declines dependent enrollment when first eligible and the dependent's other health care
55 coverage was through continuation coverage from a previous employer (coverage mandated by the
56

1 Consolidated Omnibus Budget Reconciliation Act of 1985, or (COBRA), the dependent must exhaust
2 his or her COBRA coverage to be eligible for the special enrollment period.

3
4 If a dependent's other health care coverage was not through COBRA, the coverage loss must be due
5 to loss of eligibility for the health care coverage (including from divorce, death, termination of
6 employment, or reduction in hours of employment) or termination of employer contributions toward
7 such coverage.

8
9 If an employee has a new dependent as a result of marriage, entering into a same-gender domestic
10 partner relationship, birth, adoption, or placement for adoption, the employee may enroll the new
11 dependent during the year as long as enrollment is requested within one hundred twenty (120) days
12 after the qualified event. See "Changes in Status," Section 3.F, for more information.

13 F. Changes in Status

14 An employee will not be able to make enrollment changes until the next annual enrollment
15 period unless the employee experiences one of the qualified changes in status described in this
16 section. Any change in enrollment must be consistent with the change in status. To be consistent,
17 the event must cause the employee or family member to gain or lose eligibility for Company-
18 sponsored employer health care coverage or health care coverage sponsored by a spouse's or
19 dependent child's employer, and the election change must be on account of and correspond with the
20 employee's or employee's family member's gain or loss of eligibility. Qualified changes in status
21 include the following:

- 22 1. The employee marries, divorces, or becomes legally separated, or the marriage is annulled.
- 23 2. The employee enters into or dissolves a same-gender domestic partner relationship.
- 24 3. The employee acquires a new, eligible dependent child, such as by birth, adoption, or placement
25 for adoption.
- 26 4. The employee's spouse or dependent child dies.
- 27 5. The employee's spouse or dependent child starts or stops working.
- 28 6. The employee, spouse, or dependent child has any other change in employment status that affects
29 eligibility for coverage such as changing from full time to part time (or part time to full time),
30 salaried to hourly (or hourly to salaried), strike or lockout, or beginning or returning from a leave
31 of absence.
- 32 7. The employee, spouse, or dependent child experiences a significant increase in the cost of
33 employer-sponsored health care coverage or the employer-sponsored health care coverage
34 ends, including expiration of COBRA coverage.
- 35 8. The employee, spouse, or dependent child experiences a significant curtailment or cessation of
36 employer-sponsored health care coverage.
- 37 9. The employee, spouse, or dependent child becomes eligible or ineligible for Medicare or
38 Medicaid.
- 39 10. The employee's dependent child becomes eligible for, or no longer is eligible for, health care
40 coverage due to age limits, student status, or a similar eligibility requirement.
- 41 11. The employee's spouse or dependent child makes an enrollment change in his or her employer-
42 sponsored health care coverage, either because of a qualified change in status or an annual
43 enrollment.

12. The employee, spouse, or dependent child changes place of residence or work, affecting access to
13 care within the current plan.

14 13. The employee is transferred to a different division, affecting eligibility for benefits under
15 Company-sponsored health care plans.

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

19 In most situations, the employee must request enrollment within sixty (60) days after the qualified
20 event. An employee can enroll a new dependent within one hundred twenty (120) days following the
21 employee's marriage or entering into a same-gender domestic partner relationship or a dependent child's
22 birth, adoption, or placement for adoption. To request enrollment for a new dependent more than sixty
23 (60) days but within one hundred twenty (120) days after marriage, entering into a same-gender
24 domestic partner relationship, birth, adoption, or placement for adoption, the employee must call the
25 Boeing Service Center and speak with a customer service representative. In all cases, the employee must
26 provide the Boeing Service Center with any required supporting documentation within thirty-one (31)
27 days of the date the enrollment is requested or the coverage change request will be denied.

28 If the employee is enrolled in a coordinated care plan, HMO, Preferred Dental Plan, or Prepaid Dental
29 Plan and moves out of the service area, the employee can enroll in a plan available in the new location
30 by calling the Boeing Service Center.

31 SECTION 4. 32 EFFECTIVE DATE OF COVERAGE

33 A. Employees

34 For newly hired employees, the Package becomes effective as follows:

- 35 1. Medical and dental coverage becomes effective on the first day of the month following the
36 employee's first day of employment.
- 37 2. Life insurance, accidental death and dismemberment, and short term disability coverage
38 becomes effective on the first day of the month following the employee's first day of employment,
39 provided the employee is actively at work on that date.

40 To be an eligible employee in any subsequent calendar month, the employee must be on the active
41 payroll on the first day of that month.

42 For coverage during a leave of absence, see Section 21.

43 An employee enrolled in medical coverage must make any required contributions.

44 B. Dependents

45 Current eligible dependents are covered for medical and dental benefits on the same date the employee's
46 coverage is effective. Eligible dependents acquired after the employee's coverage is effective become
47 covered on the date of marriage or entering into a same-gender domestic partner relationship, date of
48 birth, or date the child is legally placed with the employee for adoption, if application is made within
49 one hundred twenty (120) days of the event. For other newly eligible dependents, coverage is effective
50 on the date dependency is established, if application is made within sixty (60) days of the event.

51 The employee authorizes required contributions when enrolling eligible dependents.

SECTION 5.
COMPANY AND EMPLOYEE CONTRIBUTIONS

Company and employee contributions for the Group Benefits Package are described in Article 16 – Group Benefits.

SECTION 6.
LIFE INSURANCE PLAN

The life insurance benefit is equal to two and a quarter (2-1/4) times the employee's base annual salary up to a maximum benefit of \$500,000. The coverage amount is rounded to the next highest \$1,000 if it is not already an even \$1,000. The total amount is payable in the event of the employee's death from any cause at any time or place while covered. Payment is made in a lump sum or installments to the designated beneficiary. The employee may change beneficiaries any time by contacting the Boeing Service Center.

If the employee becomes permanently and totally disabled while covered and before age 60 from any cause, the life insurance benefit will remain in force, without cost to the employee, as long as the employee remains disabled. If an employee becomes permanently and totally disabled between ages 60 and 65, the life insurance benefit will be continued without premium payment until the earlier of the employee's recovery or attainment of age 65. Proof of disability must be furnished within twelve (12) months of the date active work ends.

The disability must have existed continuously for six (6) months and be expected to keep the employee, for life, from performing any work for compensation or profit.

If the employee recovers but does not return to work, all coverage terminates. The employee may then convert the total amount of the life insurance benefit under the conversion of benefits provision.

SECTION 7.
ACCIDENTAL DEATH AND DISMEMBERMENT PLAN

Accidental death and dismemberment benefits are paid if the employee's loss of life, paralysis, or loss of limbs, eyesight, speech, or hearing is caused by a covered accident (including an occupational accident) that occurs while the employee is covered under the Plan.

The full principal sum, \$25,000, is paid to the beneficiary if the employee dies. This amount is in addition to any amount payable under the Life Insurance Plan.

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

Loss of	Percentage of Principal Sum
Life	100%
Quadriplegia	100%
Both Hands or Both Feet	100%
Sight of Both Eyes	100%
One Hand and One Foot	100%
One Hand and the Sight of One Eye	100%
One Foot and the Sight of One Eye	100%
Speech and Hearing in Both Ears	100%

Loss of	Percentage of Principal Sum
Paraplegia	75%
Hemiplegia	50%
One Hand or One Foot	50%
Sight of One Eye	50%
Speech or Hearing in Both Ears	50%
Hearing in One 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. "Loss" of a limb means the loss of an entire arm or entire leg.

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

If more than one loss is sustained by the employee as a result of the same accident, no more than one hundred (100) percent of the principal sum will be paid.

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

If the employee's body has not been found within one year of the disappearance, forced landing, stranding, sinking, or wrecking of a vehicle in which he or she was 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:

1. Suicide or intentionally self-inflicted injury.
2. 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 that is intended to cause injury, damage, or fear and that is 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.

3. 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.

SECTION 8.
SHORT TERM DISABILITY PLAN

The Short Term Disability Plan pays a weekly benefit if the employee becomes *totally disabled* as a result of an accidental injury or illness, including a pregnancy-related condition, while covered under the Plan.

Benefits under the Plan begin after the disability has lasted seven (7) consecutive days. Following this waiting period, the disabled employee receives a weekly benefit based on the employee's *weekly salary*, according to the schedule of benefits in the table below.

SHORT TERM DISABILITY BENEFIT SCHEDULE

Benefit Period	Benefit Amount
Week 1	Waiting period; no benefits paid under the Plan
Weeks 2 through 13	80% of weekly salary
Weeks 14 through 26	60% of weekly salary

Short term disability benefits for full-time employees are determined using the *weekly salary* reflected in Boeing Service Center records at the time the disability first begins. Short term disability benefits for part-time employees are based on the employee's average *weekly salary* for the six weeks immediately preceding the date of disability.

The disabled employee's benefit may be adjusted for certain other income benefits and rehabilitative employment. There is no minimum or maximum benefit payment under the Plan.

To receive short term disability benefits, the employee must be *totally disabled*. The employee also must be under the continuous care of a legally qualified physician throughout the employee's period of total disability. All determinations of total disability are made by the *service representative* within the terms of its contract with the Company.

Short term disability benefits are paid as shown in the Short Term Disability Benefit Schedule above while the employee continues to be *totally disabled*. Benefits end at the earliest of the following dates:

1. The date the employee no longer is *totally disabled*.
2. The end of the employee's maximum benefit period.
3. The date the employee dies.

A period of disability ends when the employee returns to work for one full day.

After short term disability benefits have become payable, if the employee returns to work, then again is unable to work as a result of being *totally disabled*, the second period of disability is considered a continuation of the prior period of disability, provided:

1. The second period of disability is the result of the same or a related condition, and
2. The period of recovery during the benefit payment period is for a total of 60 or fewer days.

The Short Term Disability Plan does not cover any disability due to:

1. Intentionally self-inflicted injury (while sane or insane).
2. The employee committing, or attempting to commit, an assault, battery, or felony.

3. War or any act of war (declared or not declared). The Plan does, however, pay for disabilities caused by an act of war while the employee is traveling on business for the Company.
4. Insurrection, rebellion, or taking part in a riot or civil commotion.
5. Military duty other than temporary active duty of less than 31 days.

The employee is not considered to be disabled, and no benefits are paid, for any day the employee is confined in a penal or correctional institution for conviction of a criminal or other public offense.

SECTION 9.
CHANGES IN AMOUNT OF LIFE INSURANCE
AND SHORT TERM DISABILITY BENEFITS

If the employee's base annual salary and *weekly salary* is changed either upward or downward, the employee's amount of life insurance and short term disability benefit automatically changes. The effective date of the change in each benefit is the first day of the month coinciding with or following the date the Boeing Service Center is notified of the employee's change in salary. However, if the employee is not *actively at work* on such date, the effective date of the change in each benefit is the first day of the month coinciding with or following the employee's return to active work. Any retroactive change in an employee's base annual salary and *weekly salary* is not applicable in determining the amount of life insurance and short term disability benefit. If a period of disability has started, a change in *weekly salary* does not change the short term disability benefit amount.

SECTION 10.
MEDICAL PLANS - SCHEDULE OF BENEFITS

In designated locations, the Company provides employees with a choice among medical plans. The Traditional Medical Plan is a Preferred Provider Organization (PPO) plan that offers enhanced benefits when a member of its provider network is used. Coordinated care plans and health maintenance organizations (HMOs) also rely on selected networks of providers. Benefits are subject to all provisions of the selected plan, including medical review requirements, maximum benefits, coordination of benefits, exclusions, and definitions. If a coordinated care plan or HMO plan does not offer the negotiated plan design, the Company will substitute the closest available plan design.

A. Preventive Care Services

The following preventive care services are provided according to network guidelines.

1. Routine physical examinations for employees and spouses and routine screening examinations for employees and dependents.
2. Routine well-baby and well-child care, including periodic examinations, preventive immunizations, and inoculations as prescribed by a physician.

B. Covered Medical Services and Supplies

The plans provide benefits according to network guidelines for the following medically necessary services and supplies required for the diagnosis and/or therapeutic treatment of a nonoccupational accidental injury or illness or medically necessary treatment of certain listed conditions.

1. Physician services, including office visits, consultation for a second or third opinion, surgery, and hospital visits. An initial chiropractic examination, including initial X-rays, is covered. Benefits for manipulation of the spine and the extremities are limited to twenty-six (26) visits each year.

2. Services provided by other licensed health care professionals.
 - a. Diagnostic X-ray and laboratory services.
 - b. Physical, occupational, and speech therapy to restore function. Services must be prescribed by a physician.
 - c. Neurodevelopmental therapy for children age six or younger.
 3. Medical equipment, services, and supplies.
 - a. Ambulance services.
 - b. Durable medical equipment.
 - c. Hearing aids.
 - d. Hemodialysis.
 - e. Home medical equipment.
 - f. Orthopedic appliances and braces.
 - g. Oxygen and anesthesia.
 - h. Prostheses.
 - i. Radiation therapy (including X-ray therapy) and chemotherapy.
 4. Hospital services and supplies, including semiprivate room and board; operating rooms and equipment; surgical dressings and supplies; X-ray and laboratory services; anesthesia, including administration and materials; pathology; drugs; and outpatient hospital and emergency room services.
 5. Hospital alternatives. Benefits for the following are provided in place of medically necessary hospitalization:
 - a. Skilled nursing facilities.
 - b. Home health care.
 - c. Hospice care.
- C. Special Conditions**
- Services are covered for the following conditions, according to network guidelines:
1. Cosmetic surgery for prompt repair of accidental injury.
 2. Mental illness and substance abuse.
 3. Oral surgery.
 4. Pregnancy.
 5. Reconstructive breast surgery in connection with a mastectomy.

6. Sterilization (vasectomy and tubal ligation).
7. TMJ and MPDS (coverage varies by network).
8. Transplants.

D. Vision Care

Vision care benefits are provided according to a schedule of benefits. The schedule varies by network.

E. Prescription Drugs

Prescription drug benefits vary by network.

**SECTION 11.
MEDICAL PLANS -
PAYMENT PROVISIONS**

Payment provisions under the plans follow.

A. Deductibles

Deductibles are expenses for certain covered services and supplies that the employee or family member must pay before benefits are payable.

Deductibles are subtracted from the total of all other submitted expenses for covered medical services and supplies before benefits are payable. Only expenses covered by a plan may be counted toward accumulation of deductibles.

Annual base wage, for the purpose of calculating deductibles, is the employee's annual base wage on July 1 of each year.

	Traditional Medical Plan	Coordinated Care Plans
1. Expenses subject to deductibles		
a. Network providers	All covered expenses (except those for <i>network provider</i> outpatient visits where the \$15 copayment applies, preventive care, vision care, mail service prescription drugs, and smoking cessation treatment) are subject to deductibles.	Covered expenses are not subject to deductibles. If the network plan requires that care be received from (or referred by) a primary care physician, then care not received from (or referred by) a primary care physician is considered a nonnetwork service.
b. Nonnetwork providers	All covered expenses (except those for preventive care, vision care, mail service prescription drugs, and smoking cessation treatment) are subject to deductibles.	All covered expenses (except those for emergency care) are subject to deductibles.

	Traditional Medical Plan	Coordinated Care Plans
2. Deductible amounts		
a. Individual deductible		
1) Network providers	Each year a separate deductible applies to each covered person. The deductible applies only once in any year even though the person may have several different accidental injuries or illnesses. The individual deductible is the greater of \$200 or 0.2 percent of annual base wage.	No deductible applies.
2) Nonnetwork providers	<i>Network</i> deductible provisions also apply to nonnetwork providers. Each year, the Plan limits the deductible amounts applied to the employee's family to the greater of \$600 or 0.6 percent of annual base wage. After the family deductible has been met, no further deductible is applied during that year to the employee or to the family members.	Each year a separate deductible applies to each covered person for nonnetwork services. The deductible applies only once in any year even though the person may have several different accidental injuries or illnesses. The individual deductible is \$400.
b. Family deductible		
1) Network providers	Each year, the Plan limits the deductible amounts applied to the employee's family to the greater of \$600 or 0.6 percent of annual base wage. After the family deductible has been met, no further deductible is applied during that year to the employee or to the family members.	No deductible applies.
2) Nonnetwork providers	<i>Network</i> deductible provisions also apply to nonnetwork providers.	No family deductible limit applies to nonnetwork services.
B. Copayments		
	Traditional Medical Plan	Coordinated Care Plans
1. Emergency room copayment	A \$50 emergency room copayment applies to each hospital emergency room visit. The emergency room copayment does not apply if the patient: a) Is admitted to the hospital immediately following such treatment.	A \$50 emergency room copayment applies to each hospital emergency room visit. If the patient is admitted to the hospital immediately following such treatment, the emergency room copayment does not apply. (Other reasons for waiver of the copayment vary by plan.)

	Traditional Medical Plan	Coordinated Care Plans
Emergency room copayment (cont.)	b) Is treated in the emergency room for 12 or more hours. c) Dies in the emergency room. This emergency room copayment does not apply toward the individual deductible, family deductible, or out-of-pocket expense limits.	This emergency room copayment does not apply toward the individual deductible, family deductible, or copayment provisions.
2. Office visit copayment	A \$15 copayment applies to each covered outpatient visit to a <i>network physician</i> (except for preventive care, smoking cessation, mental health, and <i>substance abuse services</i>).	A \$10 copayment applies to each covered office visit to a network provider.
3. Prescription drug copayments		
a. Retail pharmacy	Covered prescriptions or refills are subject to the deductibles. The preferred pharmacy card program provides up to a 34-day supply.	A \$5 copayment applies to each covered generic prescription or refill obtained from a network pharmacy. A \$15 copayment applies to each covered preferred brand-name prescription or refill obtained from a network pharmacy. A \$30 copayment applies to each covered non-preferred brand-name prescription or refill obtained from a network pharmacy. These copayment amounts provide up to a 30-day supply (supply varies by plan).
b. Mail service prescription drug program	A \$10 copayment applies to each covered generic prescription or refill obtained from the <i>network's mail service prescription drug program</i> . A \$30 copayment applies to each covered preferred brand-name prescription or refill obtained from the <i>network's mail service prescription drug program</i> . A \$60 copayment applies to each covered nonpreferred brand-name prescription or refill obtained from the <i>network's mail service prescription drug program</i> . These copayment amounts provide up to a 90-day supply.	A mail service prescription drug program may not be available in all coordinated care plans. If a program is available, a \$10 copayment applies to each covered generic prescription or refill obtained from the network's mail service prescription drug program. A \$30 copayment applies to each covered preferred brand-name prescription or refill obtained from the network's mail service prescription drug program. A \$60 copayment applies to each covered nonpreferred brand-name prescription or refill obtained from the network's mail service prescription drug program. These copayment amounts provide up to a 90-day supply.

	Traditional Medical Plan	Coordinated Care Plans
4. Vision examination copayment	A \$15 copayment applies to each covered eye examination performed by a <i>network provider</i> .	Varies by plan.

C. Plan Payment Levels

Plan payment levels are subject to all provisions of the selected plan, including medical review requirements, maximum benefits, coordination of benefits, exclusions, and definitions.

After satisfaction of the deductible and copayment requirements, the plans pay for covered medical services and supplies according to the following chart. (Payment levels for the coordinated care plans may vary from the schedule as required by applicable state law.)

	Traditional Medical Plan	Coordinated Care Plans
1. Network hospitals		
<i>Prior to July 1, 2004</i>	Covered services received from a <i>network hospital</i> are paid in full.	Covered services received from a <i>network hospital</i> are paid in full.
<i>Effective July 1, 2004</i>	Covered services are paid in full when received from a <i>network hospital</i> that meets <i>patient safety standards</i> .	Covered services received from a <i>network hospital</i> are paid in full.
	Covered services are paid at 95 percent of the <i>allowed charge</i> when received from a <i>network hospital</i> that does not meet <i>patient safety standards</i> .	Covered services are paid at 95 percent of the <i>allowed charge</i> when received from a <i>network hospital</i> that does not meet <i>patient safety standards</i> .
2. Other network providers	Outpatient visits to a <i>network physician</i> are paid in full after a \$15 copayment, except as noted in Section 11.B.2.*	Covered services of <i>network providers</i> are paid in full (after any applicable copayment) except when provided for the treatment of substance abuse, mental illness, or TMJ/MPDS.
	Other covered services of <i>network providers</i> are paid at 95 percent of the <i>allowed charge</i> , except when provided for outpatient <i>mental illness</i> , preventive care, smoking cessation, or the treatment of TMJ/MPDS.	

	Traditional Medical Plan	Coordinated Care Plans
3. Nonnetwork providers		
a. Physicians, hospitals, and other covered health care providers in a license category eligible to participate in the network		
1) In service area	Covered services of nonnetwork providers are paid at 60 percent of <i>usual and customary</i> charges in a location where there are <i>network providers</i> qualified to provide <i>medically necessary services</i> .*	Covered services of nonnetwork providers are paid at 60 percent of <i>usual and customary charges</i> **
2) Out of area	Covered services of nonnetwork providers are paid at 95 percent of <i>usual and customary</i> charges in a location where there is no <i>network provider</i> qualified to provide <i>medically necessary services</i> .*	Covered services of nonnetwork providers are paid at 60 percent of <i>usual and customary charges</i> **
3) Emergency room	Covered services are paid according to <i>network</i> provisions for medical emergencies.	Varies by plan.
b. Other covered health care providers, services, and supplies furnished by providers not in a license category eligible to participate in the selected network	Covered services are paid at 80 percent of <i>usual and customary</i> charges.*	Covered services must be approved by the plan; payment levels vary depending on the situation.
	* These payment levels do not apply to coverage of treatment for <i>substance abuse, mental illness, TMJ/MPDS, or vision care</i> .	
	** These payment levels do not apply to coverage of treatment for <i>substance abuse, mental illness, or TMJ/MPDS</i> .	
	+ This payment level does not apply to preventive care, smoking cessation, vision care, or the treatment of <i>mental illness, substance abuse, or TMJ/MPDS</i> .	
4. Ambulance services	Covered ambulance services are paid at 95 percent of <i>usual and customary</i> charges.	Varies by plan.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

	Traditional Medical Plan	Coordinated Care Plans
5. Durable medical equipment		
a. In regions where a <i>network</i> is available, as determined by the <i>service representative</i>	Covered durable medical equipment is paid according to <i>network provider</i> and nonnetwork provider levels, as described in Section 11.C.2 and Section 11.C.3.a.1.	Covered durable medical equipment is paid at 80 percent of usual and customary charges; limits vary by plan.
b. In regions where a <i>network</i> is not available, as determined by the <i>service representative</i>	Covered durable medical equipment is paid at 80 percent of <i>usual and customary</i> charges, as described in Section 11.C.3.b.	Covered durable medical equipment is paid at 80 percent of usual and customary charges; limits vary by plan.
6. Alternatives to hospitalization	Covered services and supplies provided by a <i>skilled nursing facility</i> or a <i>hospice agency</i> are paid at 100 percent of <i>usual and customary</i> charges.	When approved by the plan, covered services and supplies provided by a skilled nursing facility, a home health care agency, and a hospice agency are paid in full.
7. Treatment of mental illness		
a. Inpatient treatment coordinated through the <i>network's</i> referral service	Covered services for inpatient treatment of <i>mental illness</i> are paid at 95 percent of <i>allowed charges</i> .	Covered services for inpatient treatment of mental illness are paid in full to 30 days each year if coordinated through the plan.
b. Outpatient treatment coordinated through the <i>network's</i> referral service	Covered services for outpatient treatment of <i>mental illness</i> are paid at a constant 80 percent of <i>allowed charges</i> .	Covered services for outpatient treatment of mental illness are paid in full to 30 visits each year if coordinated through the plan.
c. Treatment not coordinated through the <i>network's</i> referral service	Covered services for treatment of <i>mental illness</i> are paid at a constant 50 percent of <i>usual and customary</i> charges to a maximum of 20 inpatient days and 20 outpatient visits each year if the services are certified as covered by the <i>network's</i> referral service.	Covered services for treatment of mental illness are paid at a constant 50 percent of usual and customary charges to the 30-day inpatient and 30-visit outpatient limits if not coordinated through the plan.
8. Treatment of substance abuse		
a. Treatment coordinated through the <i>network's</i> referral service	Covered services for inpatient and outpatient treatment of <i>substance abuse</i> are paid at 95 percent of <i>allowed charges</i> .	Covered services for inpatient and outpatient treatment of substance abuse are paid in full if services are coordinated through the plan.

	Traditional Medical Plan	Coordinated Care Plans
Treatment of substance abuse (cont.)		
b. Treatment not coordinated through the <i>network's</i> referral service	Covered services for inpatient and outpatient treatment of <i>substance abuse</i> are paid at a constant 50 percent of <i>usual and customary</i> charges.	Covered services for inpatient and outpatient treatment of substance abuse are paid at a constant 50 percent of usual and customary charges if services are not coordinated through the plan.
c. Benefit maximum	Benefits are paid to a lifetime maximum of two courses of treatment. Each course of treatment not coordinated through the <i>referral service</i> is subject to a \$5,000 maximum.	Benefits are paid to a lifetime maximum of two courses of treatment or \$10,000, if greater. Each course of treatment not coordinated through the plan is subject to a \$5,000 maximum.
9. Neurodevelopmental therapy	Covered services for <i>neurodevelopmental therapy</i> for children age six or younger are paid at <i>network</i> and nonnetwork levels to a maximum of \$1,000 each year.	Varies by plan.
10. Treatment of TMJ and MPDS	Covered services for treatment of TMJ and MPDS are paid at a constant 50 percent of <i>usual and customary</i> charges to a \$3,500 lifetime maximum.	Varies by plan.
11. Smoking cessation treatment	Covered services and supplies are paid at 100 percent of <i>usual and customary</i> charges to a \$500 lifetime maximum.	Varies by plan.
12. Preventive care		
a. Network providers	Covered services are paid in full; covered routine physical examinations for employees and spouses are paid up to \$200 per examination, including related laboratory and X-ray charges.	Varies by plan.
b. Nonnetwork providers	No coverage for services obtained in a <i>network</i> service area.	Varies by plan.
13. Vision care	Covered services are paid as specified in Section 12.F.	Varies by plan.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

Traditional Medical Plan

Coordinated Care Plans

14. Prescription drugs

a. Network

1) Generic

Covered generic prescriptions or refills are paid at 90 percent of *allowed charges*, up to a 34-day supply.

Covered generic prescriptions or refills obtained from a network pharmacy are paid in full after required copayments, up to a 30-day supply (supply varies by plan).

2) Brand-name preferred

Covered preferred brand-name prescriptions or refills are paid at 80 percent of *allowed charges*, up to a 34-day supply.

Covered preferred brand-name prescriptions or refills obtained from a network pharmacy are paid in full after required copayments, up to a 30-day supply (supply varies by plan).

3) Brand-name nonpreferred

Covered nonpreferred brand-name prescriptions or refills are paid at 70 percent of *allowed charges*, up to a 34-day supply.

Covered nonpreferred brand-name prescriptions or refills obtained from a network pharmacy are paid in full after required copayments, up to a 30-day supply (supply varies by plan).

b. Nonnetwork

Covered nonnetwork prescriptions or refills are subject to the same payment levels described above for network drugs.

Not covered except when approved for emergency care.

c. Mail service prescription drug program

A mail service prescription drug program may not be available in all coordinated care plans.

1) Generic

Covered generic prescriptions or refills obtained from the *network's mail service prescription drug program* are paid in full after required copayments, up to a 90-day supply.

Covered generic prescriptions or refills obtained from the network's mail service prescription drug program are paid in full after required copayments, up to a 90-day supply.

2) Brand-name preferred

Covered preferred brand-name prescriptions or refills obtained from the *network's mail service prescription drug program* are paid in full after required copayments, up to a 90-day supply.

Covered preferred brand-name prescriptions or refills obtained from the network's mail service prescription drug program are paid in full after required copayments, up to a 90-day supply.

3) Brand-name nonpreferred

Covered nonpreferred brand-name prescriptions or refills obtained from the *network's mail service prescription drug program* are paid in full after required copayments, up to a 90-day supply.

Covered nonpreferred brand-name prescriptions or refills obtained from the *network's mail service prescription drug program* are paid in full after required copayments, up to a 90-day supply.

Traditional Medical Plan

Coordinated Care Plans

15. Out-of-pocket expense limits

a. Network

Network services are subject to the same limits described below for nonnetwork services.

Not applicable.

b. Nonnetwork

When a covered person's out-of-pocket expenses reach \$2,000 in any year, any further benefits that would have been paid at 60, 70, 80, 90, or 95 percent will be paid at 100 percent of *usual and customary* charges for the remainder of that year, to the maximum benefit amounts.

When a covered person's out-of-pocket expenses reach \$2,000 in any year, any further benefits that would have been paid at 60 percent will be paid at 100 percent of *usual and customary* charges for the remainder of that year, to the maximum benefit amounts.

When two or more family members satisfy their deductibles and have combined out-of-pocket expenses of \$4,000 (but not more than \$2,000 for any one individual), any further benefits that would have been paid at 60, 70, 80, 90, or 95 percent will be paid at 100 percent of *usual and customary* charges for the remainder of that year, to the maximum benefit amounts.

When two or more family members satisfy their deductibles and have combined out-of-pocket expenses of \$4,000 (but not more than \$2,000 for any one individual), any further benefits that would have been paid at 60 percent will be paid at 100 percent of *usual and customary* charges for the remainder of that year, to the maximum benefit amounts.

c. Expenses that do not count toward the individual or family out-of-pocket expense limits

- 1) Yearly deductibles.
- 2) Hospital emergency room copayment.
- 3) Office visit copayment.
- 4) Difference between *usual and customary* charges and the provider's actual charge.
- 5) Any balance remaining after a benefit maximum has been reached.
- 6) Covered medical services paid at 100 percent of *usual and customary* charges or in full.
- 7) Covered medical services for treatment of *mental illness*, smoking cessation, *substance abuse*, or TMJ/MPDS.

Varies by plan.

Out-of-pocket expense limits (cont.)

Expenses that do not count toward the individual or family out-of-pocket expense limits (cont.)

8) Benefits paid at a reduced amount or denied when the patient fails to follow medical review program procedures and requirements.

(Varies by plan.)

D. Lifetime Maximum Benefit

The lifetime maximum benefit for all covered medical services (including prescription drugs) is \$1,500,000, subject to all other medical plan provisions. This maximum applies separately to each covered family member. Benefits paid and applied to reduce the maximum benefit, while covered under a Company-sponsored plan for active or retired personnel and not reinstated under a prior agreement, are not reinstated by this agreement and serve to reduce the maximum benefits available hereunder.

SECTION 12. TRADITIONAL MEDICAL PLAN

Payment provisions are described in Section 11, except as noted under the vision care benefit.

A. Description

The Traditional Medical Plan provides benefits for procedures, services, and supplies *medically necessary* for the diagnosis and/or therapeutic treatment of nonoccupational accidental injuries or illnesses and treatment of certain listed conditions.

Enhanced benefits are available to employees who receive care from *network providers* as described in Section 11. Preventive care, prescription drug, and vision care benefits also are included in the Plan.

B. Medical Review Program

The Traditional Medical Plan has a medical review program to encourage appropriate utilization of health care services. The program includes *precertification* requirements, voluntary second surgical opinion provisions, a *referral service* for *mental illness* and *substance abuse* treatment, and individual case management.

1. Precertification requirements.

The employee is responsible for obtaining *precertification* for all nonemergency hospital admissions (except admissions for childbirth during the first forty-eight (48) hours following a normal delivery or ninety-six (96) hours following a cesarean section), *skilled nursing facility* admissions, and services for home health care and hospice care. Treatment of *substance abuse* and *mental illness* must be *precertified* through the *referral service*.

a. If the medical review program is not contacted, but retrospective review shows that the hospital or *skilled nursing facility* admission, home health care, or hospice care was *medically necessary*, regular Plan benefits are reduced to fifty (50) percent of *usual and customary* charges to a maximum employee expense of \$1,000.

1) This \$1,000 expense does not apply toward the yearly deductible and/or out-of-pocket expense limits.

2) Benefits denied under other Plan exclusions do not count toward this \$1,000 expense.

b. No benefits are provided for any services or supplies that are not *medically necessary*.

2. Voluntary second surgical opinion provisions.

The Plan provides benefits for second surgical opinions the same as for other covered services provided by *network* and nonnetwork providers.

3. Referral service.

Employees and eligible dependents may use a *referral service* for treatment of *mental illness* and *substance abuse*. The *referral service* refers the patient to a *referral service provider* and *precertifies* initial treatment; ongoing treatment is *precertified* on a regular basis. Individuals who do not use the *referral service* receive reduced benefits.

4. Individual case management.

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

C. Preventive Care

1. Benefits are provided for a routine physical examination for employees and spouses as follows:

a. One (1) examination every three (3) years for employees and spouses under age 35.

b. One (1) examination every year for employees and spouses age 35 and above.

2. Benefits are provided for the following routine screening examinations:

Mammograms, Pap smears, and prostate examinations (including the office visit) as recommended by the patient's *physician*.

3. The Plan covers up to eight (8) routine physical examinations for well-baby care during the child's first twenty-four (24) months.

4. For children age two through age five, the Plan covers one (1) routine well-child physical examination each year.

5. The Plan covers routine childhood immunizations recommended by the child's *physician* according to American Academy of Pediatrics guidelines.

D. Covered Medical Services and Supplies

The Traditional Medical Plan provides benefits for the following procedures, services, and supplies *medically necessary* for the diagnosis and/or therapeutic treatment of nonoccupational accidental injuries or illnesses and treatment of certain listed conditions. Benefits for special conditions are specified in Section 12.E.

1. The services of a physician, including:

a. A voluntary second (or third) surgical opinion obtained from one (1) or two (2) other specialists.

- 1 b. An eye examination including refraction performed in conjunction with a medical condition such
2 as diabetes, glaucoma, and cataracts. (See Section 12.F for routine eye examination coverage.)
3
4 c. Injectable *legend drugs* administered in a *physician's* office for covered conditions; medical
5 devices (including contraceptive injections, devices, and implants) dispensed by a *physician*.
6 Preventive injections or immunizations are not covered except as described in Section
7 12.C.5. Antigen, allergy serum, and insulin are not considered a *physician's* service; antigen,
8 allergy serum, and insulin are covered under the preferred pharmacy card program; insulin
9 also is covered under the *mail service prescription drug program*.

10
11 **2. Services of other health care professionals.**
12

- 13 a. Diagnostic X-ray and laboratory examinations, including, examinations, incurred in
14 connection with a second (or third) surgical opinion.
15
16 b. Intermittent visits of a registered nurse (R.N.), other than a nurse who ordinarily lives in the
17 employee's home or who is a family member of the employee or spouse, if skilled care in place
18 of *hospitalization* is not available through an alternative provider at a lesser cost.
19
20 c. The services of a *physician's assistants* for services that would have been covered if performed
21 by a *physician* licensed as a doctor of medicine (M.D.).
22
23 d. The services of a *physical therapist* for physical therapy (but not other types of therapy), the
24 services of an *occupational therapist* for occupational therapy, and the services of a *speech*
25 *therapist* for speech therapy, when specifically prescribed by a *physician* as to type and
26 duration. Services must be performed under the *physician's* supervision while the patient
27 remains under the attending *physician's* care, and only to the extent that the therapy will
28 significantly restore bodily functions. The *physician* must reevaluate the therapy at least every
29 three (3) months and certify that continuing therapy is required. All therapy beyond three
30 (3) months must be approved by the *service representative*. Benefit determination is based on
31 the attending *physician's* evaluation of the therapy as well as the therapist's progress reports.
32 The information from the *physician* and therapist is then reviewed against established
33 medical criteria to determine medical necessity.
34

35 No benefits are payable for therapy given at the therapist's discretion or, elected by the
36 covered person; any treatment for delayed development; therapy that is solely for the purpose
37 of slowing body degeneration rather than restoring functional improvement; or therapy for
38 custodial maintenance, self-help, recreational, or educational purposes.
39

40 Benefits also are provided for *neurodevelopmental therapy* received from a licensed and
41 certified therapist for children age six and younger, including in-home therapy if
42 homebound, to a maximum benefit of \$1,000 each benefit year.
43

- 44 e. The services of a *dentist* as specified in Section 12.E.6 and Section 12.E.10.
45
46 f. The services of an authorized Christian Science practitioner necessary for the healing
47 treatment of a nonoccupational physical or mental condition.
48
49 g. Acupuncture services for a covered illness or in place of covered anesthesia when provided by
50 a licensed acupuncturist (L.A.C.), a doctor of medicine (M.D.), or a doctor of osteopathy
51 (D.O.).
52
53 h. Spinal and extremity manipulations by an approved provider, such as a doctor of medicine
54 (M.D.), a doctor of osteopathy (D.O.), or a chiropractic doctor (D.C.), for up to twenty-six
55 (26) spinal and extremity manipulations performed by hand each year. Related services, such
56 as an initial examination and initial X-rays, also are covered.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
3. Medical equipment, services, and supplies.

- a. **Professional ambulance service** when used to transport the patient from the place of injury,
accident, or illness to the first *hospital* where treatment is given. These services also are
covered when the *physician* requires an ambulance to transport the patient to a *hospital* in the
patient's area of residence to protect the patient's 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 the patient's home is covered when *medically necessary*. No other expenses in
connection with travel are covered.

- b. The cost and installation of a **hearing aid** or aids purchased under a *physician's* or certified
audiologist's written recommendation, to a \$600 benefit payable for each hearing aid. This
benefit is limited to one (1) per ear every three (3) consecutive years, including any period
covered under a *Company-sponsored plan*. The Plan also covers the overhaul of a hearing aid
in place of a new hearing aid after three (3) years.

No benefits are payable for:

- 1) Hearing or audiometric examinations. (When disease is present, such expenses may be covered under other portions of the Traditional Medical Plan.)
- 2) Hearing aids ordered either before the person became eligible or after coverage ends.
- 3) Hearing aids ordered before coverage ends but delivered more than sixty (60) days after coverage ends.
- 4) Charges for hearing aids that do not meet professionally accepted standards of practice or for *experimental or investigational services or supplies*.
- 5) Replacement of hearing aids that are lost, broken, or stolen unless replacement is within the frequency limit of one (1) hearing aid per ear every three (3) consecutive years.
- 6) Replacement parts for hearing aid repairs, unless part of an overhaul after three (3) years.
- 7) Replacement batteries.
- 8) Charges for eyeglass-type hearing aids above the covered expense for one (1) hearing aid.

- c. **Hemodialysis** in the patient's home when the treatment is repetitive and for chronic, irreversible kidney disease. Covered services and supplies include the rental, lease, or (under certain conditions) purchase of major hemodialysis equipment and specific supplies and certain training necessary to operate the dialyzer. 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*.

- d. Rental (or purchase if approved by the *service representative*) of **durable medical or surgical equipment** used exclusively for the patient's therapeutic treatment.

- e. **Orthopedic appliances** and braces, including repair and replacement necessary as a result of normal usage or change in condition.

- f. **Oxygen and anesthesia.**

dentures, artificial eyes, and other prostheses. This benefit includes repair and replacement necessary as a result of normal usage or change in condition.

h. **Radiation therapy** (including X-ray therapy) and **chemotherapy**.

i. **Smoking cessation services**, including the services of a *physician* or other health care professional who is practicing within the scope of his or her license, or an approved smoking cessation provider. To receive benefits for smoking cessation treatment, the patient must complete the full course of treatment. No smoking cessation benefits will be provided for inpatient services; vitamins, minerals, or other supplements; acupuncture; over-the-counter drugs or provider-prescribed prescription drugs to ease nicotine withdrawal; books; tapes; or hypnotherapy (unless performed by an approved provider). Prescription drugs prescribed by an approved provider to ease nicotine withdrawal are covered under the prescription drug benefit.

4. **Hospital room, board, services, and supplies**, including a *medically necessary* private room. If a private room is used when one is not *medically necessary*, any excess of daily board and room charges over the *hospital's* average semiprivate room charge is not covered. If the *hospital* does not have semiprivate accommodations, the semiprivate charge for similar facilities in the area is considered in determining the rate.

Hospital benefits are subject to the medical review program for medical necessity, appropriateness, level of care, and setting.

5. **Hospital alternatives**.

a. **Home health care** visits and supplies provided to patients in their home by a *home health care agency* instead of confinement in a *hospital* or *skilled nursing facility*.

Benefits are subject to the medical review program.

1) To be eligible for benefits:

- a) Home health care visits and supplies must be for the *medically necessary* treatment of a covered illness or injury.
- b) A *physician* must establish a written *home health care treatment plan*.
- c) The patient must be homebound, which means leaving home involves a considerable, taxing effort and the patient is unable to use public transportation without assistance.

2) Covered benefits for home health care visits and supplies must be provided by and billed by the *home health care agency* and are limited to:

- a) *Physician* services.
- b) Nursing visits by a registered nurse (R.N.) or licensed practical nurse (L.P.N.).
- c) Physical therapy visits by a *physical therapist*.
- d) Speech therapy visits by a *speech therapist*.
- e) Occupational therapy visits by an *occupational therapist*.
- f) Medical social visits by a person with a master's degree in social work (M.S.W.).

g. **Home health aide** visits.

h. **Respiratory therapy** visits by an inhalation therapist certified by the National Board of Respiratory Therapists.

i. **Medical supplies** dispensed by the *home health care agency* that would have been provided on an inpatient basis.

j. **Nutritional supplements** such as diet substitutes administered intravenously or through hyperalimentation.

k. **Nutritional guidance** by a registered dietitian.

l. **Services and supplies** for infusion therapy. (Patients do not need to meet the treatment plan and homebound requirements.)

3) See Section 12.H for listed home health care exclusions.

b. **Visits and supplies of a hospice agency** when provided in place of confinement in a *hospital* or *skilled nursing facility*.

Benefits are subject to the medical review program.

1) To be eligible for benefits:

a) Hospice care visits and supplies must be for the *medically necessary* treatment or palliative care of terminally ill patients with a life expectancy of six (6) months or less.

b) The *physician* must establish a written *hospice care treatment plan*.

2) Hospice visits and supplies in the patient's home must be provided by and billed by the *hospice agency* and are limited to the same items as listed under Section 12.D.5.a. In addition, benefits are provided for respite care for a minimum of two (2) hours per day (continuous patient care to provide temporary relief to family members or friends).

3) Expenses for inpatient hospice confinement are covered to the same extent as if incurred in a *hospital*.

4) Limits.

a) Respite care of two (2) or more hours per day when no skilled care is required is limited to a combined total of one hundred twenty (120) hours in each three (3)-month period.

b) Expenses for hospice care that qualify under this benefit and under any other benefit of this Plan are covered only under the benefit the *service representative* determines as the most appropriate.

Patients who exhaust the above limits may apply to the *service representative* for an extension of benefits, which will be approved by the *service representative* if the treatment is *medically necessary*.

5) See Section 12.H for listed hospice care exclusions.

c. **Skilled nursing facility** room, board, services, and supplies when provided in place of *medically necessary* hospitalization, limited to the facility's average semiprivate room charge.

1 If the skilled nursing facility does not have semiprivate accommodations, the semiprivate
2 charge for similar facilities in the area is considered in determining the rate.

3 Benefits are subject to the medical review program for medical necessity, appropriateness,
4 level of care, and setting.

5 Patients who exhaust the above limits may apply to the service representative for an extension
6 of benefits, which will be approved if the treatment is medically necessary.

7 d. Expenses incurred for room and board while in a Christian Science sanatorium also are
8 covered if the patient is admitted for healing (not rest or study) and is under the care of an
9 authorized Christian Science practitioner. If a private room is used, any excess of daily room
10 and board charges over the facility's average semiprivate room charge is not covered. If the
11 facility does not have semiprivate accommodations, the semiprivate charge for other
12 Christian Science sanatoriums will be considered in determining the rate.

13 e. Services of an approved free-standing surgical center or hospital-based emergency facility if
14 such services would be covered if received in a hospital.

15 6. If the patient accepts a referral from the service representative to a network provider designated as a
16 "center of excellence," reasonable travel and lodging expenses for the patient and the patient's
17 family will be covered when the patient is required by the service representative to travel more than
18 one hundred fifty (150) miles from his or her place of residence for an approved service. Benefits
19 for travel expenses will be paid in full to a maximum of \$2,500 per episode requiring travel and
20 must be approved in advance by the service representative.

21 E. Special Conditions

22 Covered medical services and supplies described in Section 12.D also are provided for the following
23 special conditions.

24 1. Congenital abnormalities and hereditary complications.

25 Benefits are provided for medically necessary services and supplies required for the treatment of
26 congenital abnormalities and hereditary complications. This coverage applies to newborn
27 children as well as to all other persons covered under the Plan.

28 2. Cosmetic surgery.

29 Benefits are provided for cosmetic surgery only if the surgery is for prompt repair of an accidental
30 injury.

31 3. Erectile dysfunction.

32 Benefits are provided for the treatment of organic erectile dysfunction when the patient has a
33 history of one or more of the following:

34 a. Peripheral vascular disease or local penile vascular abnormalities.

35 b. Peripheral neuropathy or autonomic insufficiency.

36 c. Prostate cancer.

37 d. Spinal cord disease or injury.

38 e. Major pelvic surgery.

39 f. Insulin-dependent diabetes.

40 g. Severe Peyronie's disease.

41 Covered therapy includes vacuum erection device, injection therapy, penile prosthesis, urethral
42 pellets, and prescription medications.

43 The Plan does not cover treatment for nonorganic impotence such as psychosexual dysfunction.

44 4. Infertility.

45 a. All stages of treatment for the condition which results in the diagnosis and treatment of
46 infertility are covered. Benefits are provided for the following services in connection with the diagnosis and treatment of
47 infertility:

48 a. Diagnostic tests necessary to determine the cause of infertility.

49 b. Surgical correction of a condition causing or contributing to infertility.

50 c. Conventional medical treatments (such as office visits, laboratory services, and prescription
51 medications) of the infertility.

52 The Plan does not cover the infertility services and supplies listed under "Traditional Medical
53 Plan Exclusions" in Section 12.H:

54 5. Mental illness and substance abuse treatment.

55 a. Mental illness.

56 Benefits are provided for the services of the following providers in connection with the
inpatient and outpatient treatment of mental illness:

1) Any provider contracted with the referral service.

2) Licensed psychiatric doctor (M.D.).

3) Licensed clinical psychologist.

4) Licensed psychiatric nurse (R.N.).

5) Professional at master's level or above who is licensed in the area where the services are
performed.

6) Licensed hospital or treatment facility.

Treatment of a mental illness includes only treatment of a mental disorder or condition not
related to, accompanying, or resulting from substance abuse. Treatment of any such related,
accompanying, or resulting disorder or condition is considered to be treatment of the
substance abuse.

b. Substance abuse.

Expenses incurred at a substance abuse treatment facility or a hospital, including physician's
charges and charges for prescription drugs, are covered only to the extent they are in
connection with the effective treatment of substance abuse. The benefit at a substance abuse
treatment facility is limited to intensive inpatient treatment and outpatient substance abuse
counseling as prescribed by a physician.

No benefits are provided for recovery houses that provide an alcohol- or drug-free residential setting; alcohol or drug information and referral services; schools; emergency service patrols; or detoxification, except when immediately followed by a rehabilitative program.

The patient must complete the course of treatment to be eligible for substance abuse benefits.

6. Oral surgery.

a. Benefits are provided only to the extent not covered in the dental plans for services in connection with the prompt repair of natural teeth or other body tissue performed by a physician or dentist and required as a result of a nonoccupational injury, provided that:

- 1) The damaged, lost, or moved teeth were free from decay or in good repair and firmly attached to the jaw bone at the time of the injury, and
- 2) If crowns (caps), dentures (false teeth), bridgework (fixed or removable), or in-mouth appliances are installed due to such injury, only charges for the first denture or bridgework to replace lost teeth, the first crown needed to repair each damaged tooth, and an in-mouth appliance used in the first course of orthodontic therapy after the injury are included.

Charges to remove, repair, replace, restore, or reposition teeth lost or damaged while biting or chewing are not covered.

b. Benefits are provided for medically necessary services in connection with oral surgery performed by a physician or dentist for a medical condition that does not relate to the correction of the gum, teeth, or mouth tissues for dental purposes, except where covered under the dental plans. These services include, but are not restricted to:

- 1) Removal of tumors and cysts of the jaw, cheeks, lips, tongue, and roof and floor of the mouth.
- 2) Surgical procedures required to correct accidental injuries of the jaw, cheeks, lips, tongue, and roof and floor of the mouth.
- 3) Removal of exostoses of the jaw and hard palate.
- 4) Treatment for fractures of the facial bones (maxilla or mandible).
- 5) Incision and drainage of cellulitis.
- 6) Incision of accessory sinuses, salivary glands, or ducts.

c. Benefits are provided for physician or dentist services in connection with the correction of developmental abnormalities of the jaw or malocclusion of the jaw by osteotomy (the surgical cutting of bone or bony tissue) with or without bone grafting.

d. The surgical placement of endosseous implants is covered if there is a reasonable expectation of success for a minimum of five (5) years.

e. Hospital services and benefits for general anesthesia are provided in connection with other dental or oral surgery when medically necessary.

The preceding listed services incurred in connection with dental work or oral surgery do not apply to any services in connection with the diagnosis and treatment of temporomandibular joint disease (TMJ) or myofascial pain dysfunction syndrome (MPDS). See Section 12.E.10.

7. Pregnancy.

Benefits are provided for pregnancy the same as any other condition for covered employees or covered dependents, provided that expenses are incurred while this coverage is in force.

Pregnancy includes normal delivery, cesarean section, spontaneous abortion (miscarriage), legal abortion, and complications of pregnancy.

Following childbirth, mothers and newborns may stay in the hospital for forty-eight (48) hours following a normal delivery or for ninety-six (96) hours following a cesarean section, unless a shorter stay is authorized by the attending health care provider in consultation with the mother. Preadmission review is not required for these lengths of stay. Any length of stay beyond forty-eight (48) hours or ninety-six (96) hours must be approved through the medical review program.

Benefits are provided for a birthing center only to the extent that such services would have been covered in a hospital.

A newborn child is eligible from the date of birth if the child qualifies as a dependent of the employee and is enrolled within one hundred twenty (120) days. The following services and supplies are covered for a newborn child enrolled in the Plan, subject to the payment provisions of Section 11.

- a. Routine hospital services and supplies and physician services during the first forty-eight (48) hours following a normal delivery or ninety-six (96) hours following a cesarean section.
- b. Medically necessary hospital and physician services and supplies.

8. Reconstructive breast surgery.

Benefits are provided for breast reconstruction in connection with the mastectomy in a manner determined in consultation with the patient and attending physician. Covered services include the following:

- a. All stages of reconstruction of the breast on which the mastectomy was performed.
- b. Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- c. Prosthesis and treatment of physical complications of all stages of mastectomy, including lymphedema.

9. Sterilization (vasectomy and tubal ligation).

Benefits are provided for a vasectomy or tubal ligation, but not a reversal.

10. Temporomandibular joint disease (TMJ) and myofascial pain dysfunction syndrome (MPDS).

a. The following surgical or nonsurgical treatment of TMJ or MPDS by a physician or a dentist are included as covered medical services and supplies:

- 1) Initial diagnostic examinations and X-rays.
- 2) Follow-up office visits.
- 3) Surgical procedures and related hospitalization.
- 4) Appliances (i.e., nightguards, bite plates, orthopedic repositioning, or mandibular orthopedic devices).

5) Appliance management, kinesitherapy, physical therapy, biofeedback therapy, joint manipulation, prescription drugs, injections of muscle relaxants, and therapeutic drugs or agents.

b. The following expenses are not covered:

- 1) Restorative techniques to build occlusion unless the tooth is diseased or accidentally damaged.
- 2) Nonsurgical orthodontic treatment, except as provided above.
- 3) Banding treatment.

11. Transplant benefits.

Benefits are provided for *medically necessary services* relating to a covered transplant. Transplants that are part of an approved clinical trial also may be covered.

- a. If the patient covered by this Plan is the recipient of a human organ or tissue transplant covered by this Plan, donor organ procurement costs are covered to a maximum benefit of \$30,000 per transplant, to a lifetime maximum benefit of \$60,000. 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. Donor expenses that are covered under this Plan are applied against the Plan lifetime maximum benefit for the recipient covered under this Plan.
- b. No benefits are provided for the following:
 - 1) Nonhuman, artificial, or mechanical organ transplants.
 - 2) *Experimental or investigational services or supplies* unless they are part of an approved clinical trial.
 - 3) Services and supplies for the donor when donor benefits are available through other group coverage.
 - 4) Expenses for that portion of treatment funded by government or private entities as part of an approved clinical trial.
 - 5) Expenses when the recipient is not covered under this Plan.
 - 6) Lodging, food, or transportation costs, unless otherwise specifically provided under this Plan.
 - 7) Donor and procurement services and costs incurred outside the United States, unless specifically approved by the *service representative*.
 - 8) Living (necadaver) donor transplants (except kidney, liver, lobar lung, and bone-marrow or stem cell transplants for covered conditions) including selective islet cell transplants of the pancreas.

F. Vision Care Benefit

Vision care benefits are not subject to the Traditional Medical Plan annual deductible, out-of-pocket expense limits, plan payment levels, or lifetime maximum benefit.

1. Covered vision care expenses are charges (to the amounts shown in the Schedule of Covered Vision Care Expenses) for the following:

- a. A complete eye examination of visual function, performed by a legally qualified ophthalmologist or optometrist.
- b. Prescribed lenses.
- c. Contact lenses if elected in place of conventional lenses and frames.
- d. Frames required for prescription lenses.

Benefits are provided for one (1) eye examination every benefit year and two (2) sets of lenses and two (2) frames every two (2) benefit years. This period includes the time covered under a *Company-sponsored medical plan*. Any replacement of lost, stolen, or broken lenses and/or frames is included under the two (2)-set limit.

Schedule of Covered Vision Care Expenses

Services and Supplies	Maximum Covered Expense
Eye examination	Paid in full after \$15 copayment for network provider services
	Up to \$50 for nonnetwork provider services
Lenses	
• Single vision (2 lenses)	\$.50*
• Bifocal (2 lenses)	\$.80*
• Trifocal (2 lenses)	\$.95*
• Lenticular (2 lenses)	\$.155*
Frames	\$.70*
Contact lenses (2 lenses) in place of allowances for conventional lenses and frames above	\$.105*

* *Network providers* offer a discount on lenses, frames, and contact lenses; the employee will pay the 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.

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

All other vision care expenses are not covered under this benefit, but may be covered as a medical condition under the Traditional Medical Plan.

2. The following vision care expenses are not covered:

- a. Special supplies, such as nonprescription sunglasses and subnormal vision aids.

- b. Orthoptics or vision training and any associated supplemental testing.
- c. Plano lenses (less than a ± 3.8 diopter power), two pair of glasses in lieu of bifocals, or extra charges for progressive lenses in excess of the bifocal allowance.
- d. Medical or surgical treatment of the eyes. (However, *network providers* offer discounts for refractive surgery.)
- e. Corrective vision treatment of an *experimental nature*.
- f. Solutions and/or cleaning products for spectacle glasses or contact lenses.
- g. Costs above the maximum covered expenses.
- h. Services or supplies not listed as covered expenses.
- i. Services or supplies received while the individual was not covered under the plan or charges for lenses and frames furnished or ordered before the individual became covered under the plan.
- j. Services or supplies received more than 60 days after the service representative authorizes the patient's vision care benefits.

G. Prescription Drug Benefit

Benefits are subject to all Traditional Medical Plan provisions, including exclusions.

1. Preferred pharmacy card program.

a. Description of benefit.

Employees and dependents may obtain covered prescription drugs through the preferred pharmacy card program or through any licensed pharmacist.

b. Covered prescription drug expenses.

The Plan covers the following *medically necessary* prescription drug expenses:

- 1) *Legend drug*, which must be dispensed under federal or state law through the written prescription of a *physician or dentist*.
- 2) Injectable insulin (including needles, syringes, chem strips, chem pads, and lancets when prescribed along with insulin) when ordered in writing by the patient's *physician*.
- 3) *Antigen or allergy serum* prescribed by a *physician in writing*.

The Plan also covers prescribed *legend drugs* for contraception and smoking cessation.

However, any drug labeled "Caution - Limited by Federal Law to Investigational Use" or any experimental drug, even though a charge is made to the patient, is not a covered prescription expense.

c. Maximum medication covered.

The program covers a supply of medication which, when taken according to the *physician's* written order, does not exceed a thirty-four (34)-day supply.

2. Mail service prescription drug program:

a. Description of benefit.

Employees and eligible dependents may use the *mail service prescription drug program* to obtain covered prescription drugs.

Unless the *physician* indicates otherwise, a generic equivalent of the prescribed drug will be dispensed when available and permissible under the law.

b. Covered prescription drug expenses.

The Plan covers the following *medically necessary* prescription drug expenses:

- 1) *Legend drugs*, which must be dispensed under federal or state law through the written prescription of a *physician or dentist*.
- 2) Injectable insulin (including needles, syringes, chem strips, chem pads, and lancets when prescribed along with insulin) when ordered in writing by the patient's *physician*.

The Plan also covers prescribed *legend drugs* for contraception and smoking cessation.

c. Maximum medication covered.

The program covers a supply of medication which, when taken according to the *physician's* written order, does not exceed a ninety (90)-day supply per prescription or refill. Authorized refills are covered only after the initial substance has been used. Certain controlled substances are subject to quantity limitations.

3. Exclusions.

No benefits are payable under the prescription drug programs for the following:

- a. Appliances, devices, or other nondrug items, including but not limited to therapeutic devices or artificial appliances. However, this does not apply to needles, syringes, or other diabetic supplies when prescribed along with insulin.
- b. Any charges for the administration or injection of any drug.
- c. 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 municipality, state, or federal program.
- d. Any prescription filled in excess of the number prescribed by the *physician* or any refill after one (1) year from the date of the *physician's* order.
- e. Immunizing agents, except that allergy serum (antigen) is covered under the prescription drug card program with a *physician's* written prescription.
- f. All medications to treat sexual dysfunction, unless the patient is being treated for a diagnosed medical condition.
- g. Obesity drugs.
- h. Drugs dispensed during an inpatient admission by a *hospital, skilled nursing facility, sanatorium, or other facility*.

- i. Experimental drugs or drugs used for investigational purposes.
- j. Drugs that are not *medically necessary* for the treatment of an illness, injury, or other covered condition, including vitamins, except as specifically provided by the Plan.
- k. Infusion therapy drugs except as described in the home health care benefit.
- l. Delivery or handling charges.
- m. Any service or supply otherwise excluded by the Plan.

H. Traditional Medical Plan Exclusions

These charges are deducted from the eligible person's expenses before the benefits of this Plan are determined. The Plan does not pay for charges for or related to

1. Any accident or illness covered by a workers' compensation law.
2. Services or supplies not recommended and approved by a *physician* or other covered health care professional or provided before the person becomes covered under this Plan.
3. Services or supplies that the Plan's *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 and 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 the patient's 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 aimed at controlling or changing the patient's environment.

4. Amounts exceeding *usual and customary* charges.
5. *Skilled nursing facility* services when the services usually are not provided by such facilities or when the services 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.
6. Services or supplies related to cosmetic surgery, except as specifically provided.
7. Services or supplies related to obesity, unless approved in advance by the *service representative* according to written guidelines. Employees may request a copy of the guidelines by calling the *service representative*.
8. Any treatment or services required in connection with a sex transformation.
9. Services or supplies to the extent they are covered under any *Company-sponsored plan* that has been discontinued.
10. Services or supplies to the extent they are covered under any *federal, state, or other government plan*, except where required by law.

11. Confinement or surgical, medical, or other treatment, services, or supplies received in or from U.S. Government *hospital*, except as required by law.
12. Services or supplies for which no charge is made or charges the employee or dependent is not required to pay.
13. Dyslexia, visual analysis therapy, or training related to muscular imbalance of the eye or for orthoptic. However, coverage is provided for up to six (6) months when necessary to correct muscle imbalance (strabismus, esotropia, or exotropia) if treatment begins before the person's 12th birthday.
14. Completion of claim forms or reports.
15. Full-body computerized axial tomography (CAT) scans 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.
16. 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 such contract or insurance is issued to or provides benefits available to the patient. Any benefits paid by this Plan before benefits are paid under one of these other types of contracts or insurance are provided to assist the patient and do not indicate the *service representative* is acting as a volunteer or waiving any right to reimbursement or subrogation.
17. *Experimental or investigational services or supplies*, or related complications.
18. Services or supplies related to treatment of *mental illness*, including eating disorders, or *substance abuse*, except as specifically provided.
19. Services or supplies related to treatment of TMJ and MPDS, except as specifically provided.
20. Smoking cessation treatment, except as specifically provided.
21. Radial keratotomy or other eye surgery to correct refractive errors, except when preoperative visual acuity is 20/50 or less with a lens.
22. Reversal of a sterilization procedure.
23. Infertility services or supplies, including but not limited to in vitro fertilization; artificial insemination; embryo transfer; gamete intrafallopian transfer (GIFT); microinjections; zona drilling; sperm preparation; sperm separation; fertility drugs (including but not limited to Clomid, Pergonal, Serophene, or HCG) when associated with any artificial means of conception; consecutive follicular ultrasounds, cycle therapy, or corresponding lab tests when associated with any artificial means of conception; any tests, visits, consultations, or treatment related to, or resulting in, one of the preceding listed noncovered services.
24. *Custodial care*.
25. Services or supplies required by law to be provided by any school system.
26. Education, special education, or job training, whether or not provided by a facility that also provides medical or psychiatric care.
27. Marriage counseling, family counseling, child counseling, career counseling, social adjustment counseling, pastoral counseling, or financial counseling.

- 1 28. Intentionally self-inflicted injury, unless under treatment for a *mental illness*.
 2
 3 29. Missed appointments.
 4
 5 30. Equipment or supplies that are not solely related to the medical care of a diagnosed illness or
 6 injury. Examples include, but are not limited to, any luxury or convenience item or supply,
 7 general exercise equipment, modification to home (e.g., wheelchair ramps, support railings) or
 8 automobile or van (e.g., ramps, lifts), environmental control devices (e.g., air conditioners,
 9 purifiers, humidifiers), swimming pool, spa or whirlpool, Craftmatic or similar bed, orthopedic
 10 chair, special car seat, or any personal hygiene item.

11 31. The following home health care and hospice services:

- 12 a. Homemaker or housekeeping services.
 13
 14 b. Services provided by volunteers, household members, family, or friends.
 15
 16 c. Unnecessary or inappropriate services, food, clothing, housing, or transportation.
 17
 18 d. Social services.
 19
 20 e. Psychiatric care.
 21
 22 f. Maintenance or *custodial care*.
 23
 24 g. Supplies or services not included in the written *home health or hospice care treatment plan* or
 25 not otherwise covered.
 26
 27 h. Hospice services to other family members, including bereavement counseling.
 28
 29 i. Hospice services of financial, legal, or spiritual counselors.
 30

31 I. Right to Receive and Release Necessary Information
 32

33 As a condition of receiving benefits under this Plan, the patient agrees to authorize

- 34
 35 1. Any *physician, hospital*, or other provider or party having knowledge to disclose to the *service*
 36 *representative* any medical information requested to administer this Plan.
 37
 38 2. The *service representative* to
 39
 40 a. Examine medical records at the offices of any *physician, hospital*, or other provider to verify
 41 services or supplies.
 42
 43 b. Release to or obtain from any other insurer, organization, or person any information
 44 necessary to administer the coordination of benefit provisions.
 45
 46 c. Exercise the subrogation rights described in Section 18 releasing any information about the
 47 accident, injuries, and benefits or services received to any person who may be liable to the
 48 patient, to that person's insurer, or to the *service representative*.
 49
 50 d. Examine employment and payroll records of the patient to verify Plan eligibility and
 51 enrollment.
 52
 53 3. The *service representative* will keep this information confidential whenever possible, but under
 54 certain circumstances it may be disclosed to other parties, such as
 55
 56

- a. To a law enforcement or other governmental authority in case of fraud or illegal activity.
 b. In response to a subpoena or judicial order.
 c. To a medical person or institution to verify coverage or to conduct an audit.
 d. To a professional review organization to review the service or conduct of a medical person or institution.
 4. The patient waives any claim of privilege or confidentiality in any action by or against the service representative or the party furnishing the information.

SECTION 13.

DENTAL PLANS (PREFERRED DENTAL PLAN AND PREPAID DENTAL PLAN)

A. Covered Services and Supplies

The following services and supplies are covered under both the Preferred Dental Plan and the Prepaid Dental Plan to the specified limits. The plans pay for covered services only if those services are performed by or under the direction of a licensed *dentist* or other plan-approved licensed professional. A licensed *dentist* does not mean a dental mechanic or any other type of dental technician. Coverage is subject to the benefit payment levels, exclusions, and other provisions of each dental plan.

1. Diagnostic.

Routine examinations, X-rays, emergency examinations, and examinations by specialists in an American Dental Association recognized specialty.

Examinations are covered once in a six (6)-month period. Charges to review a proposed treatment plan or for case presentation by the attending *dentist* are not covered. Complete mouth or panoramic X-rays are covered once in a five (5)-year period. Supplementary bitewing X-rays are covered once in a twelve (12)-month period. Study and diagnostic models and decay susceptibility tests are not covered.

2. Preventive.

Prophylaxis (cleaning), either a regular prophylaxis or a periodontal prophylaxis, and topical application of fluoride.

Prophylaxis (cleaning), either a regular prophylaxis or a periodontal prophylaxis, is covered once in a four (4)-month period. Topical application of fluoride is covered once in a six (6)-month period when performed in conjunction with prophylaxis, to the patient's 19th birthday. Home fluoride kits, cleaning of a *prosthetic appliance*, plaque control, oral hygiene, or dietary instructions are not covered.

Fissure sealants are covered for eligible children under age 14. Fissure sealants include topically applied acrylic, plastic, or composite material used to seal developmental grooves and pits in teeth for the purpose of preventing dental decay. Fissure sealants include application only to permanent molars with occlusal surfaces intact, no decay, and no restorations. Fissure sealants exclude any repair or replacement of a sealant on any tooth within three (3) years of its application. (This repair or replacement is considered included in the fee for the initial placement of the sealant.)

3. Restorative.

a. Minor restorative.

1 Restoration of carious lesions (visible destruction of hard tooth structure resulting from tooth
2 decay) to a state of functional acceptability using filling materials, such as amalgam, silicate,
3 or plastic.

4
5 **b. Major restorative.**

6
7 Restoration of carious lesions (visible destruction of hard tooth structure resulting from tooth
8 decay) to a state of functional acceptability with crowns, inlays, or onlays (gold, synthetic
9 porcelain, plastic, gold substitute castings, or combinations). The attending *dentist* must
10 verify that teeth cannot be restored with filling materials such as amalgam, silicate, or
11 plastic.

12
13 **c. Limits on minor and major restorative benefits.**

- 14
15 1) Restorations on the same surface or surfaces of the same tooth are covered once in a two
16 (2)-year period. If a composite or plastic restoration is placed on a posterior tooth, an
17 amalgam allowance is made.
- 18
19 2) Crowns, inlays, or onlays on the same tooth are covered once in a five (5)-year period.
20 Stainless steel crowns are covered once in a two (2)-year period. If a tooth can be restored
21 with a filling material such as amalgam, silicate, or plastic, an allowance is made toward
22 the cost of any other type of restoration.
- 23
24 3) Appliances or restorations necessary to correct vertical dimension or restore the
25 occlusion, overhang removal, recontouring, or polishing of restoration are not covered.
26 A crown used as an abutment to a partial denture is not covered unless the tooth is
27 decayed to the extent a crown would be required to restore the tooth whether or not a
28 partial denture is required.

29
30 **4. Oral surgery.**

31
32 Removal of teeth and surgical procedures. Covered services include surgical and nonsurgical
33 extractions, preparation of the alveolar ridge and soft tissues of the mouth for insertion of
34 dentures, ridge extension for insertion of dentures (vestibuloplasty), and treatment of pathological
35 conditions and traumatic facial injuries.

36
37 Extraoral grafts (grafting of tissues from outside the mouth or using artificial materials) and tooth
38 transplants are not covered.

39
40 **5. Periodontics.**

41
42 Surgical and nonsurgical procedures for treatment of the tissues supporting the teeth. These
43 include root planing, subgingival curettage, gingivectomy, and limited adjustments to occlusion
44 (eight (8) teeth or fewer) such as smoothing of teeth or reducing cusps.

45
46 Periodontal splinting and/or crown and bridgework used in conjunction with periodontal
47 splinting are not covered. Root planing or subgingival curettage (but not both) are covered once
48 in a twelve (12)-month period. Major (complete) occlusal adjustment and periodontal appliances
49 are not covered.

50
51 **6. Endodontics.**

52
53 Procedures for pulpal and root canal therapy. Covered services include pulp exposure treatment,
54 pulpotomy, and apicoectomy.

55
56 Root canal treatment on the same tooth is covered only once in a two (2)-year period.

7. Pedodontics.

1
2 Space maintainers when used to maintain space for eruption of permanent teeth.

3
4 Replacement of a space maintainer previously paid for by the participating plan is not covered.

5
6
7 **8. Prosthodontics.**

8
9 Dentures, bridges, partial dentures, and related items and adjustment or repair of an existing
10 prosthetic device.

11
12 Replacement of an existing prosthetic device is covered only if it is unserviceable and cannot be
13 made serviceable. Services necessary to make the device serviceable are covered. Prosthetic devices
14 are covered only five (5) years after any prior device was paid for under these plans.

15
16 **a. Full, immediate, and overdentures.**

17
18 If personalized restorations or specialized treatments are used, the Plan pays the appropriate
19 amount for a full, immediate, or overdenture toward the cost of this treatment. Root canal
20 therapy performed in conjunction with overdentures is limited to two (2) teeth per arch.
21 Temporary dentures are not covered.

22
23 **b. Partial dentures.**

24
25 If a more elaborate or precision device is used to restore the case, the Plan pays for a cast
26 chrome and acrylic partial denture (applied toward the cost of any other procedure).

27
28 **c. Denture adjustments and relines.**

29
30 Denture adjustments and relines done more than six (6) months after initial placement
31 are covered. Subsequent relines or jump rebases (not both) are covered once in a twelve
32 (12)-month period.

33
34 **d. Implants.**

35
36 The Plan pays the appropriate amount for a full or partial denture, applied toward appliances
37 constructed on the implant. If the plan makes an allowance toward the cost of such
38 appliances, it will not cover any replacement for five (5) years.

39
40 Duplicate dentures, cleaning of *prosthetic appliances*, temporary dentures, surgical placement
41 or removal of implants or attachments to implants, or crowns and copings in conjunction
42 with overdentures are not covered.

43
44 **9. Orthodontics.**

45
46 Correction or prevention of malocclusion. Under the Preferred Dental Plan only, occlusal guards
47 for bruxism are covered.

48
49 Any services or supplies for orthodontic treatment (straightening of teeth) including correction
50 or prevention of malocclusion, except as specifically provided as orthodontic care, are not
51 covered.

52
53 **10. General anesthesia.**

54
55 **a. General anesthesia is covered when medically necessary and administered by a dentist in
56 connection with a covered oral, endodontic, or periodontal surgical procedure.**

- b. (Prepaid Dental Plan only) General anesthesia is covered when *medically-necessary* for children through age six (6) and younger or for a physically or developmentally disabled person when administered in connection with a covered dental procedure.

B. Dental Plan Exclusions

The plans will not pay for charges for or related to:

1. Services payable under workers' compensation or employers' liability laws of any federal or state or provincial government agency or provided free to the eligible person by any similar agency, except to the extent that these payments are *insufficient* to pay for covered dental benefits.
2. Procedures, appliances, or restorations primarily for cosmetic purposes, including laminates or bleaching of teeth.
3. Any charge incurred while not covered under a *Company-sponsored plan*; however,
 - a. Where the covered dental benefit was noted by the *dentist* as required before the employee terminated employment (unless the benefit was subject to the predetermination procedure and was submitted to the *service representative*), services are covered if performed during the three (3) calendar months after the termination.
 - b. Charges in connection with a prosthetic device, which includes the abutment crowns of a partial denture, are covered if denture impressions were taken while the employee was actively employed and covered under these dental plans and were installed or delivered within the three (3) calendar months after termination of the employee's employment. Charges are not covered if denture impressions were taken before coverage began or after the date the employee terminated employment, unless they meet the requirements of subsection a. above.
 - c. Charges in connection with a crown required to restore a tooth (independent of the use of the crown in connection with a partial denture) are covered if the tooth was prepared for the crown while the person was eligible or the crown was installed in accordance with subsection a. above.
 - d. Charges in connection with covered orthodontic treatment are covered if performed during the three (3) calendar months after termination of the employee's employment.
4. Analgesics (such as nitrous oxide or intravenous sedation) or any other euphoric drugs, injections, or prescription drugs.
5. Hospitalization charges.
6. Full mouth reconstruction (extensive treatment plans involving ten (10) or more crowns or units of fixed bridgework).
7. Failure to keep a scheduled dental appointment.
8. All other services not specified as covered dental benefits or not specifically included in this program.
9. Covered dental benefits for orthodontic care over the \$2,000 lifetime maximum benefit for each eligible person.
10. Application of desensitizing medications.
11. Experimental dental services or supplies (and related complications) whose use is not generally recognized by the American Dental Association as tested and accepted dental practice. This

17. exclusion also applies to items requiring Food and Drug Administration or other governmental agency approval if not granted when the service or supply was ordered.

12. Services to treat temporomandibular joints (jaw joints).

13. Patient management problems.

14. Completing insurance forms.

15. Laboratory examination of tissue specimen.

16. Habit-breaking appliances.

17. (Prepaid Dental Plan only) Services or treatment which in the opinion of the *participating provider* are not necessary for the patient's dental health.

18. (Prepaid Dental Plan only) Removable partial bridges are covered only if replacing two (2) or more missing teeth in the same arch. Fixed bridges to replace missing teeth are considered optional treatment; the patient is responsible for the difference in cost between the *dentist's* allowable fees for the covered removable bridge benefit and the fixed bridge. Replacement of an exact existing fixed bridge is covered only if the existing bridge is at least five (5) years old and cannot be made serviceable.

SECTION 14.

PREFERRED DENTAL PLAN

A. Description of Preferred Dental Plan

Under the Preferred Dental Plan, employees and eligible dependents may receive dental care from any licensed *dentist*. However, benefits are paid at a higher level if the services are received from a *network provider*. *Network providers* have agreed to bill the Plan's *service representative* directly, eliminating the need for claim forms.

B. Plan Payment Levels

The Plan pays for covered services and supplies as follows:

1. Services and supplies received from *network providers*.
 - a. Diagnostic and preventive services and supplies are paid at ninety (90) percent of charges.
 - b. Oral surgery, minor restorative, periodontic, endodontic, and pedodontic services and supplies are paid at eighty (80) percent of charges.
 - c. Major restorative, prosthodontic, and orthodontic services and supplies are paid at sixty (60) percent of charges.
2. Services and supplies received from other covered *dentists* who are not *network providers*.
 - a. Diagnostic and preventive services and supplies are paid at seventy (70) percent of *maximum allowable fees*.
 - b. Oral surgery, minor restorative, periodontic, endodontic, and pedodontic services and supplies are paid at seventy (70) percent of *maximum allowable fees*.

1 c. Major restorative and prosthodontic services and supplies are paid at fifty (50) percent of
2 *maximum allowable fees.*

3
4
5 d. Orthodontic services and supplies are paid at sixty (60) percent of *maximum allowable fees.*

6
7 **C. Maximum Benefits**

8
9 Except for orthodontic treatment, the maximum benefit payable for all dental services is \$2,000 for
10 each eligible person each year.

11
12 For orthodontic treatment, the lifetime maximum benefit payable during all periods the eligible
13 person is covered under this Plan is \$2,000.

14
15
16 **SECTION 15.**
17 **PREPAID DENTAL PLAN**

18
19 **A. Description of Prepaid Dental Plan**

20
21 The Prepaid Dental Plan offers complete dental care to employees and eligible dependents by a
22 *network of participating providers.*

23
24 **B. Provider Selection**

25
26 Employees must select a *participating provider* at enrollment. All covered dental services, except
27 orthodontic and out-of-area emergency care, are provided to the employee and eligible dependents by
28 this selected provider.

29
30 Employees wishing to transfer to another *participating provider* must contact the *service representative.*
31 An approved transfer is effective the first day of the month following receipt of the change request by
32 the *service representative*, if received by the 25th of the month.

33
34 Orthodontic care may be obtained from any licensed *dentist.*

35
36 **C. Plan Payment Levels and Maximum Benefits**

37
38 The Plan provides all necessary covered dental services and supplies at no cost to employees and
39 eligible dependents except as specified below, subject to the plan's exclusions and limitations.

40
41 1. The Plan pays fifty (50) percent of *maximum allowable fees* for orthodontic services to a \$2,000
42 lifetime maximum during all periods the eligible person is covered under the Plan.

43
44 2. The Plan pays up to \$50 of reasonable charges for out-of-area emergency services and supplies.

45
46 **D. Out-of-Area Emergencies**

47
48 The Plan provides an out-of-area emergency benefit for dental services and supplies provided by a
49 licensed *dentist* who is not a member of the prepaid provider *network.* Out-of-area means the covered
50 person is *more than fifty (50) miles* from the selected *participating provider.* The Plan pays reasonable
51 charges for these services and supplies, without prior approval, to a maximum of \$50. Payment for
52 out-of-area emergencies is made only if all these conditions apply:

53
54 1. The dental care is provided by a *dentist* outside the Plan's service area.

55
56 2. The dental care is not covered under the Plan.

3. The dental care is required for an acute condition and is provided solely for the immediate relief
of that condition.

4. The patient could not have been reasonably expected to go to the selected *participating provider*
for the care.

7
8 **SECTION 16.**
9 **SCHEDULED DENTAL PLAN**

10
11 **A. Description of Scheduled Dental Plan**

12
13 The Scheduled Dental Plan pays for covered expenses, to the maximum amounts listed in the
14 Schedule of Covered Dental Services (Section 16.F), in connection with the prevention, diagnosis, or
15 treatment of dental disease or treatment of a nonoccupational accidental injury.

16
17 **B. Provider Selection**

18
19 Employees and eligible dependents may receive dental care from any licensed dentist. They also may
20 receive covered prosthodontic services from any licensed dentist.

21
22 **C. Deductibles**

23
24 Deductibles are expenses for certain covered services and supplies that the employee or dependent
25 must pay each year before benefits are payable. Covered dental expenses are divided into two (2)
26 categories for the purpose of applying deductibles:

27 1. Diagnostic and preventive services;

28
29 2. Deductibles are not applied to covered dental expenses in this category.

30
31 2. All other covered dental expenses.

32
33 The deductible for this category is \$25 each year for each person covered under the Plan.
34 However, if three (3) or more family members have a combined deductible totaling \$75, no
35 further deductible will be applied for any covered family member during the remainder of the
36 year.

37
38
39 **D. Plan Payment Levels**

40
41 After satisfaction of the yearly deductible (and subject to the *limitations and exclusions of the Plan*),
42 the Plan pays for covered services and supplies as follows:

43
44 1. The Plan pays the *maximum allowable fees* for the services listed below, but not more than the
45 maximum expense indicated for each service in the Schedule of Covered Dental Services (Section
46 16.F).

47 a. Oral examinations, including scaling and cleaning of teeth.

48 b. Topical application of sodium or stannous fluoride.

49 c. Application of a fissure sealant.

50 d. Dental X-rays.

51 e. Extractions, including those required to correct malocclusion.

- f. Oral surgery, including excision of impacted teeth.
 - g. Fillings.
 - h. Treatment of periodontal and other diseases of the gums and mouth.
 - i. Endodontic treatment, including root canal therapy.
 - j. Space maintainers.
 - k. Crowns and initial installation of fixed bridgework (including inlays and crowns to form abutments).
 - l. Initial installation (including adjustments during the six (6)-month period following installation) of a prosthetic device (including crowns and inlays that form abutments).
 - m. Replacement of an existing partial or full removable denture or fixed bridgework or the addition of teeth to an existing partial removable denture or to bridgework, but only if evidence satisfactory to the service representative is presented that:
 - 1) The existing denture or bridgework was installed at least five (5) years prior to its replacement and that the existing denture or bridgework cannot be made serviceable, or
 - 2) The existing denture or bridgework is an immediate temporary denture or bridgework and replacement by a permanent denture or bridgework is required, and takes place within twelve (12) months from the date of installation of the immediate temporary denture or bridgework.
 - n. Repair or recementation of inlays, crowns, bridgework, dentures, or relining of dentures.
 - o. Orthodontic care.
2. The allowance for a dental procedure not listed in the Schedule of Covered Dental Services is determined by taking into account the nature and complexity of the treatment. The allowance is consistent with those listed in the schedule. In no event will an allowance for an unlisted service be made for a procedure covered by the Medical Plan.

E. Maximum Benefits

Except for orthodontic treatment, the maximum benefit payable for all dental services is \$2,000 for each eligible person each year.

For orthodontic treatment, the lifetime maximum benefit payable during all periods the eligible person is covered under this Plan is \$2,000.

F. Schedule of Covered Dental Services

ADA Code (1-1-03)	Maximum Covered Expense
DIAGNOSTIC	
Examinations (limit one per course of treatment):	
D0150	Comprehensive oral evaluation \$48
D0120	Periodic oral exam ..... .26
D0140	Limited oral evaluation ..... .37

ADA Code (1-1-03)	Maximum Covered Expense
Radiographs (X-rays):	
Complete mouth X-rays (limit once in a five-year period)	
D0210	Intraoral (including bitewings) \$69
D0330	Panoramic ..... .53
Intraoral periapical	
D0220	Single, first film ..... .14
D0230	Each additional film ..... .11
Bitewings (limit once in a 12-month period)	
D0270	Single film ..... .13
D0272	Two films ..... .21
D0274	Four films ..... .32
PREVENTIVE	
Prophylaxis (limit once in a four-month period):	
D1110	Age 14 and over ..... .58
D1120	To age 14 ..... .37
Fluoride Treatment (limit once in a six-month period):	
D1203/D1204	Topical application of fluoride ..... .21
Fissure Sealants (to age 16):	
D1351	Topical application of fissure sealants (per quadrant) ..... .26
MINOR RESTORATIONS	
Amalgam Restorations:	
D2140	Primary or permanent - one surface ..... .58
D2150	Primary or permanent - two surfaces ..... .74
D2160	Primary or permanent - three surfaces ..... .95
D2161	Permanent - four surfaces ..... .116
D2951	Pin retention - exclusive of amalgam ..... .16
Other Minor Restorations:	
D2330	Resin - one surface anterior ..... .69
D2331	Resin - two surfaces anterior ..... .90
D2332	Resin - three surfaces anterior ..... .116
D2335	Resin - four or more surfaces anterior ..... .127
D2391	Resin-based composite - one surface (primary or permanent) ..... .74
D2392	Resin-based composite - two surfaces (primary or permanent) ..... .100
D2393	Resin-based composite - three surfaces (primary or permanent) ..... .127
MAJOR RESTORATIONS	
Inlays and Onlays:	
D2510	Gold inlay - one surface ..... .217
D2520	Gold inlay - two surfaces ..... .275
D2530	Gold inlay - three surfaces ..... .317
D2542	Metallic onlay - two surfaces ..... .379
D2543	Metallic onlay - three surfaces ..... .412
D2544	Metallic onlay - four surfaces ..... .412
D2910	Recement inlay ..... .32
Crowns:	
D2720	Resin w/high noble metal ..... .380
D2721	Resin w/predominantly base metal ..... .380

ADA Code (1-1-03)		Maximum Covered Expense
	(Crowns, cont.)	
D2722	Resin w/noble metal	\$380
D2740	Porcelain/ceramic noble	380
D2750	Porcelain fused to high noble	380
D2751	Porcelain to predominantly base metal	380
D2752	Porcelain fused to noble	380
D2790	Full cast high noble metal	380
D2791	Full cast predominantly base metal	380
D2792	Full cast noble metal	380
D2782	Crown - 3/4 cast noble metal	380
D2930/D2931	Stainless steel	.85
D2970	Temporary (fractured tooth)	.63
D2950	Crown buildup	.116
D2920	Recent crown	.42
	ENDODONTICS	
D3110	Pulp cap - direct	.32
D3120	Pulp cap - indirect	.26
D3220	Vital pulpotomy	.69
	Root Canal Therapy (includes treatment plan, clinical procedures, and follow-up care; excludes final restoration):	
D3310	Single rooted	.312
D3320	Bi-rooted	.412
D3330	Tri-rooted	.512
D3410	Apicoectomy (performed as a separate surgical procedure)	.412
	PERIODONTICS	
	Nonsurgical Services:	
D0180	Comprehensive periodontal evaluation	.74
D4910	Periodontal prophylaxis (limit once in a four-month period)	.79
D9951	Occlusal adjustment (limited)	.106
D9952	Occlusal adjustment (complete)	.306
D4341	Periodontal scaling and/or root planing (per quadrant)	.95
	Surgical Services:	
D4210	Gingivectomy (per quadrant)	.291
D4260	Osseous surgery (per quadrant)	.644
D4271	Free soft tissue grafts	.417
D7340	Vestibuloplasty	.349
	PROSTHODONTICS	
	Dentures (includes six months postdelivery care):	
D5110/D5120	Complete upper or lower	.481
D5130/D5140	Immediate upper or lower	.528
D5211/D5212	Partial upper or lower acrylic base (including any conventional clasps and rests)	.317
D5213/D5214	Partial upper or lower, predominantly cast base with acrylic saddles (including any conventional clasps and rests)	.581
	Related Denture Services:	
D5410-D5422	Denture adjustment (complete or partial)	.34
D5510	Repair denture (no teeth damage)	.48

ADA Code (1-1-03)		Maximum Covered Expense
	(Related Denture Services, cont.)	
D5520	Replace missing or broken tooth (per tooth)	\$.48
D5710-D5721	Denture conversion	.148
D5730-D5741	Reline denture - office	.79
D5750-D5761	Reline denture - lab	.148
	Bridgework:	
D6240-D6242	Pontic - porcelain - high noble, noble, and predominantly base	.370
D6250-D6252	Pontic - resin - high noble, noble, and predominantly base	.370
D6930	Recent bridge	.63
	ORAL SURGERY	
	Extractions (includes local anesthesia and routine postoperative care):	
D7140	Extraction, erupted tooth or exposed root	.63
D7210	Erupted tooth	.127
D7220	Impacted tooth - soft tissue	.143
D7230	Impacted tooth - partially bony	.185
D7240	Impacted tooth - completely bony	.227
D7250	Root recovery (per tooth)	.132
	Related Oral Surgical Procedures:	
D7310	Alveoloplasty - per quadrant	.106
D7510	Incision and drainage of abscess - intraoral	.85
D7960	Frenectomy (separate procedure)	.190
	General anesthesia (when not provided at a hospital):	
D9220	First 30 minutes	.185
D9221	Each additional 15 minutes (or major fraction thereof)	.63
	ORTHODONTICS (coverage for employees and dependents)	
	50 percent of maximum allowable fees to a lifetime maximum benefit of \$2,000	
If two (2) or more dental services are rendered, payment will be made, subject to the provisions of the Scheduled Dental Plan, for each dental service unless the Schedule of Covered Dental Services specifies a maximum amount for a particular combination of the services rendered.		
G. Limitations on Benefits		
Covered dental services do not include and no benefits are payable for:		
1.	Charges for treatment by other than a dentist. However, this Plan will cover certain treatment by a licensed dental hygienist if the treatment is supervised by a dentist. The term dentist means a legally qualified dentist practicing within the scope of such license. For the purposes of this Plan, the term dentist also includes a legally qualified physician authorized by license to perform the particular dental services that such person has rendered.	
2.	Charges for services or supplies that are partially or wholly cosmetic in nature, including charges for personalization or characterization of dentures.	
3.	Any charge incurred while not covered under this Plan. However, where the covered dental benefit was noted by the dentist as required before the employee terminated employment, services are covered if performed during the three (3) calendar months after the termination.	

- 1 a. In connection with the charges for a prosthetic device which includes the abutment crowns
2 of a partial denture, such charges will be covered if the impressions were taken while the
3 employee was employed and covered under this Plan and installed or delivered to the patient
4 within the two (2) calendar months following termination of the employee's employment.
5 Charges will not be covered if the impressions were taken before the date coverage
6 commenced or if taken after the date of termination of the employee's employment.
- 7
- 8 b. In connection with the charges for a crown required for the restoration of a tooth
9 (independent of the use of the crown in connection with a partial denture), such charges will
10 be covered if the tooth was prepared for the crown while the employee was employed and
11 covered under this Plan and the crown is placed within the two (2) calendar months
12 following termination of the employee's employment.
- 13
- 14 4. Charges for the replacement of a lost or stolen prosthetic device.
- 15
- 16 5. Charges for any services or supplies that are for orthodontic treatment (straightening of teeth),
17 including correction or prevention of malocclusion, except as specifically provided.
- 18
- 19 6. Charges for treatment in connection with occupational accidents or illnesses covered by
20 workers' compensation law.
- 21
- 22 7. Charges for prophylaxis more often than once in each four (4)-month period.
- 23
- 24 8. Separate charges for anesthetics or the administration thereof, anesthetic supplies, or drugs, except
25 general anesthesia when medically necessary.
- 26
- 27 9. That portion of a charge that exceeds *maximum allowable fees* or exceeds the maximum covered
28 expense as shown in the Schedule of Covered Dental Services (Section 16.F).
- 29
- 30 10. Charges listed as exclusions in Section 16.H.
- 31
- 32 11. Charges for periodontal services or supplies, including periodontal splinting or bridgework, not
33 specifically listed in the periodontics section of the Schedule of Covered Dental Services.
- 34
- 35 12. Charges for treatment of temporomandibular joint disease and myofascial pain dysfunction
36 syndrome (TMJ/MPDS).
- 37
- 38 **H. Scheduled Dental Plan Exclusions**
- 39
- 40 No benefits are payable under this Plan for the charges listed below; the amount of any such charges
41 will be deducted from the patient's expenses before the covered dental expenses are used to satisfy the
42 deductible or before the benefits of this Plan are determined:
- 43
- 44 1. Charges that would not have been made if this Plan did not exist or charges that neither the
45 employee nor any of the dependents of the employee is required to pay.
- 46
- 47 2. Charges for services or supplies that are furnished or paid for by reason of the past or present
48 service of any person in the armed forces of a government.
- 49
- 50 3. Charges for services or supplies that are paid for or otherwise provided for under any law of a
51 government, except where the payments or the benefits are provided by the government for
52 its own civilian employees and their dependents, subject to the coordination of benefit
53 provisions.
- 54
- 55 4. Charges for services or supplies that are not necessary for treatment of the injury or illness or are
56 not recommended and approved by the attending dentist or charges that are unreasonable.

5. Charges for failure to keep a scheduled visit with the dentist.

6. Charges for completing claim forms.

SECTION 17. COORDINATION OF BENEFITS

If an employee or 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.

The exclusion of government benefits and services is described in "Medical Plan Exclusions" in Section 12.H, in "Dental Plan Exclusions" in Section 13.B, and in "Scheduled Dental Plan Exclusions" in Section 16.H.

A. 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.

1. A plan is considered primary if:

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

2. If the aforementioned rules do not determine which group plan is considered primary, this plan applies the following coordination of benefit rules:

- a. A plan that covers a person as an employee, retiree, member, or subscriber pays before a plan that covers the person as a dependent.
- b. 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.
- c. 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.
- d. 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:

- 1) The plan of the parent with custody pays benefits first.
 - 2) The plan of the spouse of the parent with custody pays second.
 - 3) The plan of the parent without custody pays third.
 - 4) The plan of the spouse of the parent without custody pays fourth.
- e. 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.
- f. Continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) always is secondary to other coverage, except as required by law.
- g. If the 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. An employee can receive benefits from only one (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.

B. Traditional Medical Plan

The primary plan pays benefits without regard to any other plan. When the Traditional Medical Plan is secondary, it adjusts benefits so that the total payable under both plans for expenses covered under the Traditional Medical Plan is not more than would be payable under the Traditional Medical 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 Traditional Medical Plan for the first thirty (30) months following Medicare entitlement due to end-stage renal disease, and Medicare provides secondary coverage. After this thirty (30)-month period, Medicare provides primary coverage and the Traditional Medical Plan provides secondary coverage.

C. Coordinated Care Plans

Coordination of benefit provisions vary by plan.

D. Dental Plans

Benefits payable under the Scheduled Dental Plan, Preferred Dental Plan, and Prepaid Dental Plan take into account any coverage (including orthodontic coverage) the employee or family members have under another plan.

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 plans pay first when dental expenses performed by a *dentist* also are covered by any medical plan sponsored by the Company.

The dental plans always pay regular benefits in full or a reduced amount that, when added to benefits payable by another plan, equals one hundred (100) percent of allowable expenses.

Allowable expense means any charge, up to the *maximum allowable fees*, incurred during a year and while eligible for benefits under the Scheduled Dental Plan, Preferred Dental Plan, or Prepaid Dental Plan part or all of which would be covered under any of the plans.

No benefits are payable under this provision unless the charges were incurred in connection with a dental service or treatment.

SECTION 18. WHEN AN INJURY OR ILLNESS IS CAUSED BY THE NEGLIGENCE OF ANOTHER

If a third party is legally liable for an injury or illness to a person covered under these short term disability, medical, and dental plans, regular plan benefits will be paid if the injured person agrees to cooperate with the *service representative* in administering the plan's subrogation rights. This includes providing all the necessary and requested information and submitting bills related to the injury or illness to any applicable insurer. The injured person also must agree to reimburse the plan if he or she recovers payment from the liable party or any other source. A *third party* includes any party possibly responsible for causing or compensating the injury or illness of a person covered under this plan, or the covered person's automobile, homeowner's, or other insurance coverage.

SECTION 19. DEFINITIONS

The following definitions apply to italicized terms in this document:

1. *Actively at work* means the employee is attending to his or her normal duties at the assigned place of employment. On a holiday, vacation day, weekend day, or other regularly scheduled day off, *actively at work* means the employee is not ill, injured, or otherwise disabled or confined to a *hospital* or similar institution, and is performing the normal activities of a person of his or her gender and age.
2. *Allowed charge* (Traditional Medical Plan, including preferred pharmacy card program) means the amount that would have been paid for like services or supplies to a *network provider* or *participating pharmacy* who has a participation agreement with the *service representative*.
3. *Birth center* means a facility for normal delivery operating under the direction and control of the licensing or regulatory agency in its location.
4. *Chiropractor* means a person duly licensed in the area where his or her services are performed and practicing within the scope of that license.
5. *Christian Science sanatorium* means 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.

- 1 6. *Company-sponsored plan* means a group health care or dental plan approved by Boeing or one of
2 its subsidiaries or affiliates for its employees and dependents. This includes the Traditional
3 Medical Plan, coordinated care plans, health maintenance organizations, Preferred Dental Plan,
4 Prepaid Dental Plan, and Scheduled Dental Plan.
- 5
6 7. *Custodial care* means care that does not require the continuing services of skilled medical or health
7 professionals and is primarily to assist patients in activities of daily living, including institutional
8 care primarily to support self-care and provide room and board. Custodial care includes, but
9 is not limited to, help in walking, getting into and out of bed, bathing, dressing, feeding and
10 preparation of special diets, and supervision of medications that are ordinarily self-administered.
- 11
12 8. *Dentist* means a legally qualified dentist practicing within the scope of his or her license.
- 13
14 9. *Experimental or investigational service or supply* means
- 15 a. A service or supply that meets at least one of the following criteria:
- 16
17 1) It requires approval by the Food and Drug Administration or other government agency,
18 which approval has not been granted when the service or supply is ordered.
- 19
20 2) It has been classified by the national Blue Cross and Blue Shield Association as
21 experimental or investigational.
- 22
23 3) It is under clinical investigation by health professionals.
- 24
25 4) It is not generally recognized by the medical profession as tested and accepted medical practice.
- 26
27 b. However, a service or supply will not be considered experimental or investigational if it is part
28 of an approved clinical trial. An approved clinical trial is one that meets each of the criteria
29 in either Category 1 or 2 below.
- 30
31 1) Category 1
- 32
33 a) The trial has been approved by the National Institutes of Health, the Food and
34 Drug Administration, the Department of Veterans Affairs, or a research center
35 approved by the Plan's *service representative*.
- 36
37 b) The trial has been reviewed and approved by a qualified institutional review board.
- 38
39 c) The facility and personnel have sufficient experience and training to provide the
40 treatment or use the supplies.
- 41
42 2) Category 2
- 43
44 a) The trial is to treat a condition that is too rare to qualify for approval under
45 Category 1.
- 46
47 b) The trial has been reviewed and approved by a qualified institutional review board.
- 48
49 c) The facility and personnel have sufficient experience and training to provide the
50 treatment or use the supplies.
- 51
52 d) The available clinical or preclinical data provide reasonable expectation that the trial
53 treatment will be at least as effective as noninvestigational therapy.
- 54
55 e) There is no therapy clearly superior to the trial treatment.
- 56

- 1 10. *Experimental nature* (vision care benefit) means a procedure or lens that is not used universally or
2 accepted by the vision care profession, as determined by the *service representative*.
- 3
4 11. *Home health aide* means an individual employed by a *home health care agency* or a *hospice agency*
5 who provides, under the supervision of a registered nurse, or *physical therapist* or *speech therapist*,
6 part-time or intermittent personal care, ambulation and exercise, household services essential to
7 health care at home, and assistance with medications ordinarily self-administered; reports on
8 changes in patients' conditions; and completes appropriate records.
- 9
10 12. *Home health care agency* means a public or private organization that administers and provides
11 home health care and is either Medicare certified or operating under the direction and control of
12 the licensing or regulatory agency in its location.
- 13
14 13. *Home health (or hospice) care treatment plan* means a written program for continued care and
15 treatment by the patient's attending *physician*. This plan must be reviewed and the continued need
16 for care must be certified by a *physician* at least every two (2) months.
- 17
18 14. *Hospice agency* means a public or private organization that administers and provides hospice care
19 and is either Medicare certified or operating under the direction and control of the licensing or
20 regulatory agency in its location.
- 21
22 15. *Hospital* means an accredited institution licensed by the Joint Commission on Accreditation of
23 Healthcare Organizations (JCAHO) as a general hospital.
- 24
25 16. *Legend drug* means any drug that is required by Federal law to be labeled "Caution: Federal law
26 prohibits dispensing without a prescription."
- 27
28 17. *Mail service prescription drug program* means a *mail service prescription company* approved
29 by the *service representative* to provide services under an arrangement with the *service*
30 *representative*.
- 31
32 18. *Maximum allowable fee* (Dental Plans) means the maximum dollar amount that is allowed in
33 reimbursement for any covered dental service, based on prevailing fees as determined by the
34 *service representative*.
- 35
36 19. *Medically necessary procedure, service, or supply* means one that, in the reasonable opinion of the
37 *service representative*, meets the following criteria:
- 38 a. It is required to diagnose or treat the patient's condition, and the condition could not have
39 been diagnosed or treated without it.
- 40
41 b. It is consistent with the symptom or diagnosis and treatment of the condition.
- 42
43 c. It is the most appropriate service or supply essential to the patient's needs.
- 44
45 d. It is appropriate as good medical practice.
- 46
47 e. It is professionally and broadly accepted as the usual, customary, and effective means of
48 diagnosing or treating the illness, injury, or condition.
- 49
50 f. When applied to an inpatient, it cannot safely be provided to the patient as an
51 outpatient.
- 52
53 The fact that a procedure, service, or supply is furnished, prescribed, recommended, or approved
54 by a *physician* does not, of itself, make it medically necessary. A service or supply may be
55 medically necessary in part only.
- 56

- 1 20. *Mental illness* means a disorder (including an eating disorder) that exhibits symptomology,
2 etiology, and features congruent with a *Diagnostic and Statistic Manual of Mental Disorders IV*
3 diagnosis of mental disorder.
- 4
- 5 21. *Network* means a group of health care providers approved by the *service representative* as meeting
6 criteria for efficient care delivery and performing services under a contract with the *service*
7 *representative*.
- 8
- 9 The *service representative* may designate certain health care providers and facilities as *network*
10 *providers* for specific medical services through a "centers of excellence" program.
- 11
- 12 22. *Network provider* means a provider who is a member of a *network*.
- 13
- 14 23. *Neurodevelopmental therapy* means physical, occupational, and speech therapy for treatment of
15 neurodevelopmental delay. Neurodevelopmental delay means lack of development of motor or
16 speech function nor due to injury or trauma.
- 17
- 18 24. *Participating pharmacy* means a pharmacy that has an agreement with the *service representative* to
19 accept payments in excess of the prescription drug coinsurance as payment in full for covered
20 prescription costs.
- 21
- 22 25. *Participating provider* means a licensed *dentist* who has agreed to render services and receive
23 payment according to the terms and conditions of a written participating provider agreement
24 under the Prepaid Dental Plan.
- 25
- 26 26. *Patient safety standards* mean established criteria for patient safety related to hospital services. A
27 hospital meets patient safety standards if it meets established criteria such as those listed below.
28 The hospital must publicly certify that it meets all criteria and the statements pertaining to the
29 standards are accurate and reflect normal operating procedures at the hospital. The criteria
30 include:
- 31
- 32 a. Computerized physician order entry: The hospital requires physicians to enter all medication
33 orders via computer linked to prescribing error-prevention software that helps eliminate
34 confusion over paper prescription orders and alerts providers to negative drug interactions or
35 other possible problems.
- 36
- 37 b. Intensive care unit staffing: The hospital that operates an adult general medical/surgical ICU
38 assures all ICU patients are managed or co-managed by physicians certified (or eligible for
39 certification) in critical care medicine during daytime hours, and intensivists are on call and
40 available 24 hours a day.
- 41
- 42 c. Evidence-based hospital referrals: The hospital meets experience criteria for performance of
43 specific, listed complex procedures.
- 44
- 45 27. *Physical therapist or occupational therapist or speech therapist* means a qualified physical,
46 occupational, or speech therapist licensed in the jurisdiction where his or her services are rendered
47 and practicing within the scope of that license. In locations without licensing requirements,
48 the physical therapist must be certified by the American Physical Therapy Association, the
49 occupational therapist must be certified by the American Occupational Therapy Association, and
50 the speech therapist must be certified by the American Speech and Hearing Association.
- 51
- 52 28. *Physician* means only a physician who is licensed to prescribe and administer all drugs or to
53 perform surgery. Physician also means the following health care professionals if they are licensed
54 in the jurisdiction where they render services and are practicing within the scope of that license:
- 55
- 56 a. Podiatrist.

- b. Psychologist.
- 2
- 3 c. Optometrist.
- 4
- 5 d. Chiropractor.
- 6
- 7 e. Registered nurse (if services normally would have been performed by a Traditional Medical
8 and Plan physician).
- 9
- 10 If a health care professional lawfully performs a service covered by the Traditional Medical Plan
11 when performed by a physician and if applicable law requires recognition of this health care
12 professional under the Traditional Medical Plan, the term physician will include the professional
13 only to the extent required by law.
- 14
- 15 29. *Physician's assistant* means a person duly licensed in the area where his or her services are performed
16 and practicing within the scope of such license.
- 17
- 18 30. *Plan administrator* means the Boeing Employee Benefit Plans Committee.
- 19
- 20 31. *Precertification* means prospective review and evaluation of proposed elective *hospital, substance*
21 *abuse treatment facility, and skilled nursing facility* admissions as well as home health and hospice
22 care by qualified health care professionals. This evaluation, which uses accepted medical criteria
23 to determine medical necessity and whether treatment could be given in a less intense or more
24 appropriate setting, may include:
- 25
- 26 a. Patient safety review: Referrals to hospitals which meet *patient safety standards*, including, for
27 specific, listed complex procedures, hospitals that meet experience, volume, and outcomes
28 criteria.
- 29
- 30 b. Length of stay review: A process that begins during precertification review in which medical
31 professionals indicate the number of inpatient days medically appropriate for the proposed
32 admission or certify medical necessity of the intensity or type of services received for home
33 health or hospice care. Follow-up reassessments and extensions are made as medically
34 warranted.
- 35
- 36 c. Concurrent review: Ongoing review while the patient is undergoing treatment in the
37 hospital or receiving care from a home health care agency or hospice agency.
- 38
- 39 d. Discharge planning: Discharge planning is designed to identify patients who could be
40 discharged early if appropriate arrangements are made for covered alternative care.
- 41
- 42 e. Retrospective review: Retrospective review includes all the steps of precertification review,
43 but after services are rendered. Retrospective review occurs when the medical review program
44 (or referral service for the treatment of substance abuse and mental illness) is not contacted
45 before treatment.
- 46
- 47 The role of the reviewing organization is to advise on medical appropriateness. The patient and
48 physician decide on the treatment actually performed. Medical review affects payments under the
49 Traditional Medical Plan as specified in Section 12.B.
- 50
- 51 32. *Predisability earnings* (Short Term Disability Plan) for a full-time employee means the amount of
52 salary or wages (including shift, lead, and foreign and domestic pay differentials) the employee was
53 receiving from the Company on the day before a period of disability started, calculated on a
54 weekly basis. For a part-time employee, predisability earnings are based on the average weekly
55 salary the employee received from the Company during the six weeks immediately preceding the
56 employee's date of disability.

- 1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
33. *Prosthetic appliance* means a denture, partial denture, fixed or removable bridge, crown used as a bridge abutment, and other related items.
34. *Referral service* means an organization that manages treatment of *substance abuse* and *mental illness* by contracting with providers of this treatment. The organization is responsible for:
- a. Assessment of the patient's condition (including crisis intervention).
 - b. Referrals to *referral service providers*.
 - c. *Precertification* review of treatment for *substance abuse*, *mental illness*, and *eating disorders*.
 - d. Initial and ongoing review of provider treatment plans to assure services are *medically necessary* and given in the appropriate setting.
- The referral service is considered the *service representative* for determining medical necessity of *substance abuse* and *mental illness*.
35. *Referral service provider* means a provider performing services under a contract with the *referral service* or a provider meeting *referral service* criteria for care to a designated patient.
36. *Service representative* means an agent who has a contract with the Company to make benefit determinations and administer benefit payments under the plans described in this document. The Company may change a service representative at any time.
37. *Skilled nursing facility* means an institution approved as such by Medicare and pay a resident.
38. *Substance abuse* means alcohol or drug dependence as classified in categories 303.0 to 304.9 of the most current edition of the *International Classification of Diseases, 9th Revision, Clinical Modification*.
39. *Substance abuse (alcoholism and/or drug abuse) treatment facility* means an institution providing treatment for chronic alcoholism and/or drug abuse and operating under the direction and control of the licensing or regulatory agency in its location.
40. *Totally disabled* (Short Term Disability Plan) means all of the following conditions apply:
- a. The employee is disabled as a result of accidental injury or illness (including a pregnancy-related condition).
 - b. As a result, the employee is earning 80 percent or less of *predisability earnings*.
 - c. The employee's accidental injury or illness prevents the employee from performing the material duties of the employee's occupation or other appropriate work the Company makes available.
41. *Usual and customary* (Traditional Medical Plan), as determined by the *service representative*, is the lowest of these amounts:
- a. The provider's actual charge to the patient after any discounts or other reductions.
 - b. The charge most frequently made by the provider to all other patients for comparable services or supplies.
 - c. The charge most frequently made by providers with similar professional qualifications for comparable services or supplies in the same geographic area.

- d. In the service area of a *network*, the amount that would have been paid for like services or supplies to a provider who has a participating agreement with the *service representative*.

The usual and customary charge for an unusual or complicated service will be evaluated by considering charges to treat illnesses or injuries of a comparable nature or complexity.

42. *Weekly salary* (Short Term Disability Plan) means the employee's salary, including shift, lead, and foreign and domestic pay, differentials, but excluding bonuses, overtime pay, cost-of-living allowances, incentive compensation, or other compensation the employee receives from The Boeing Company or a participating subsidiary.

SECTION 20. TERMINATION OF COVERAGE

A. Life Insurance Coverage

Life insurance coverage stops on the date employment terminates.

Within thirty-one (31) days after the employee terminates employment, by making application and paying first premium to the Plan's insurer, the employee 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 continued due to total disability, the individual policy must be surrendered without claim other than the return of paid premiums.

If the employee dies within the thirty-one (31)-day conversion period, the conversion amount is payable.

An employee who is being transferred and is no longer eligible for coverage under the Life Insurance Plan, but who remains employed by the Company or one of its subsidiaries, also may convert the difference between the amount of life insurance provided by the Life Insurance Plan less the amount provided by the plan for which the employee has become eligible. Application must be made within thirty-one (31) days of the date of transfer.

B. Accidental Death and Dismemberment Coverage

Accidental death and dismemberment coverage stops on the date employment terminates.

C. Short Term Disability Coverage

Short term disability coverage stops on the date employment terminates.

D. Medical Coverage

Medical coverage for the employee and dependents stops at the end of the calendar month in which the employee terminates employment or the end of the last month required contributions are paid, whichever occurs first. If earlier, a 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.

1. In case of layoff, medical coverage for employees and dependents continues until the employee is covered by any other group medical plan either as an employee or as a dependent, but in no event beyond three (3) months after the date of layoff.
2. If the employee dies (other than from an industrial accident), medical coverage continues for eligible dependents until the earlier of twelve (12) months after the employee's death or when the dependents become covered by any other group medical plan.
3. If the employee dies from an industrial accident, medical coverage continues for eligible dependents until the earlier of thirty-six (36) months after the employee's death or when the dependents become covered by any other group medical plan.

The *service representative* will make available to a terminating employee 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 covered dependents who cease to qualify under the group policy and to surviving covered dependents if the employee dies. No evidence of insurability is required.

E. Dental Coverage

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

1. If the employee dies (other than from an industrial accident), dental coverage continues for eligible dependents until the earlier of twelve (12) months after the employee's death or when the dependents become covered by any other group dental plan.
2. If the employee dies from an industrial accident, dental coverage continues for eligible dependents until the earlier of thirty-six (36) months after the employee's death or when the dependents become covered by any other group dental plan.

F. Change in Eligible Class of Employment

When an employee remains employed by the Company but is no longer in the employee class eligible for coverage under this Package, coverage for the employee and dependents stops at the end of the month in which the employee's transfer is effective. If the employee becomes totally disabled before coverage ends under the Package, the life insurance, accidental death and dismemberment, and short term disability benefits of the Package, which would have continued if the employee had stayed in the eligible class, will continue during the total disability instead of all other Company life insurance, accidental death and dismemberment, and short term disability benefits.

G. Continuation of Medical and Dental Coverage (COBRA)

If medical and dental coverage for the employee and 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:

1. Reduction in hours or termination of employment for any reason.
2. The employee's death.
3. The employee's divorce or dissolution of a same-gender domestic partner relationship.

4. 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 still will be considered to have dependent status.)
5. A dependent's loss of eligibility because the employee became eligible for Medicare.

SECTION 21. LEAVES OF ABSENCE

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

A. Approved Medical Leaves of Absence

An employee who is eligible for coverage and begins an approved medical leave of absence due to a total disability is eligible for the Package the same as an active employee until the last day of the calendar month in which the leave began. (Eligible dependents also are eligible for medical and dental benefits.)

If the employee is totally disabled and remains on an approved medical leave of absence that extends beyond this period, the employee's life insurance, accidental death and dismemberment, short term disability, medical, and dental benefits (and dependent medical and dental benefits) continue up to six (6) full consecutive calendar months during the approved medical leave with Company contributions.

If the approved medical leave extends beyond this six (6)-month period due to continuous total disability, medical coverage for the employee continues for up to an additional twenty-four (24) months with Company contributions. (If an employee is not on an approved medical leave and has been totally disabled for six (6) consecutive months, this twenty-four (24)-month provision may apply.) Medical coverage ends earlier if the employee becomes eligible for Medicare or is no longer considered totally disabled. The employee also may continue the life insurance, accidental death and dismemberment, and dental benefits (and medical and dental benefits for eligible dependents) during this time by paying the required rates on or before the 10th day of the month in which they are due. Life insurance waiver of premium may apply if approved by the service representative.

If the total disability continues beyond the thirty (30)-month period, or a covered family member is considered disabled by Social Security during the seventh or eighth month of the absence, the employee may continue medical and dental coverage for himself/herself and eligible dependents for up to five (5) more months by paying one hundred fifty (150) percent of the cost of coverage. The employee may continue life insurance and accidental death and dismemberment coverage for the duration of the approved leave of absence.

B. Other Approved Leaves of Absence

An employee who is eligible for coverage and begins an approved leave of absence is eligible for the Package the same as an active employee until the last day of the calendar month in which the leave began. (Eligible dependents also are eligible for medical and dental benefits.)

If the approved leave extends beyond this time, the employee's life insurance, accidental death and dismemberment, short term disability, medical, and dental benefits (and dependent medical and dental benefits) continue for up to three (3) full consecutive calendar months with Company contributions.

If the approved leave extends beyond this time, the employee may continue life insurance coverage for the duration of the approved leave of absence by self-paying the premiums.

1 **C. Family and Medical Leave Act of 1993**

2
3 If the required coverage for family and medical leaves of absence under the Family and Medical Leave
4 Act of 1993 is more generous than that already provided in Section 21.A and Section 21.B, the
5 Company provides any required additional coverage under its group health plans.
6

7 **D. Uniformed Services Leave of Absence**

8
9 If the employee takes a leave of absence for service in the U.S. uniformed services (including the
10 military, National Guard, and the Commissioned Corps of the Public Health Service), he or she is
11 covered under the Package until the end of the month in which the leave began. If the employee
12 remains on an approved leave of absence, coverage under the Package continues until the end of the
13 third full calendar month of the leave as if the individual were an active employee on an approved
14 nonmedical leave of absence.

15
16 If uniformed service extends beyond three (3) months, the employee may continue medical and
17 dental coverage under COBRA.

18
19 If the employee returns to active employment promptly after uniformed service, according to federal
20 law the Package is reinstated on the date the employee returns to the active payroll.
21

22 **E. Changes in Leave Types**

23
24 For an employee changing directly from an approved nonmedical leave to an approved medical leave
25 or from an approved medical leave to an approved nonmedical leave, the coverage period provided
26 with Company contributions under one type of leave reduces the coverage period provided with
27 Company contributions under the other type of leave.
28

29 **F. Successive Periods of Leaves of Absence**

30
31 Two (2) medical leaves of absence separated by fewer than thirty (30) days of continuous work are
32 considered one (1) leave of absence unless the second leave is due to entirely unrelated conditions.
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

30-year follow-up...
...Plan at the time...
...must be...
...sponsored...

ATTACHMENT B

**SOCIETY OF PROFESSIONAL ENGINEERING
EMPLOYEES IN AEROSPACE**

RETIREE MEDICAL PLAN

Section	Title	Page
1	ELIGIBLE RETIRED EMPLOYEES	B-3
2	ELIGIBLE DEPENDENTS OF RETIRED EMPLOYEES	B-3
3	HOW TO ENROLL	B-4
4	EFFECTIVE DATE OF COVERAGE	B-6
5	COMPANY AND RETIRED EMPLOYEE CONTRIBUTIONS	B-7
6	RETIREE MEDICAL PLAN	B-7
7	TERMINATION OF COVERAGE	B-7

**SECTION 1.
ELIGIBLE RETIRED EMPLOYEES**

To be eligible for the Retiree Medical Plan, the employee must retire from the service of the Company under The Boeing Company Employee Retirement Plan at age 55 or older with ten (10) or more years of vesting service under a Company-sponsored retirement plan.

If an employee becomes eligible for disability benefits under The Boeing Company Employee Retirement Plan, the employee also is eligible for the Retiree Medical Plan if he or she is at least age 50 and has ten (10) or more years of vesting service at retirement.

An employee who is at least age 55 and has ten (10) or more years of vesting service at retirement is eligible for the Retiree Medical Plan if he or she retires under The Boeing Company Employee Retirement Plan within the following time limits:

- Two (2) years following the start of an approved pre-retirement leave of absence, provided the approved leave of absence has not ended prior to the employee's retirement.
- Six (6) years following the employee's layoff.

An employee who is eligible for the Retiree Medical Plan at the time active employment with the Company ends and who defers his or her retirement benefits also must defer enrollment in the Retiree Medical Plan until the date benefits begin under the Company-sponsored retirement plan.

A retired employee no longer is eligible for coverage under the Retiree Medical Plan described in this Attachment after attaining age 65 or becoming eligible for Medicare.

**SECTION 2.
ELIGIBLE DEPENDENTS OF RETIRED EMPLOYEES**

Dependents eligible for the Retiree Medical Plan are the retired employee's legal spouse and unmarried children (natural children, adopted children, children legally placed with the retired employee for adoption, and stepchildren) who are under age 25 and dependent on the retired employee for principal support, including children who are attending school.

A retired employee may request coverage for the following dependents:

1. A common law spouse if the relationship meets the common-law requirements for the state in which the retired employee entered into the common-law relationship. (A domestic partner is not considered an eligible spouse.)
2. Other children, as follows, who are under age 25, unmarried, and dependent on the retired employee for principal support, including children who are attending school:
 - a. Children who are related to the retired employee either directly or through marriage (e.g., grandchildren, nieces, nephews);
 - b. Children for whom the retired employee has legal custody or guardianship, or has a pending application for legal custody or guardianship, and are living with the retired employee.

Annual certification of eligibility is required to continue coverage for children from age 19 through age 24.

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.

1 Documentation is required to request coverage for a child named in a QMCSO or for a child for whom
 2 the retired employee has been given legal custody or guardianship.
 3
 4 A disabled child age 25 or older may continue to be eligible (or enrolled if the employee is a newly
 5 eligible employee) if he or she is incapable of self-support due to any mental or physical condition that
 6 began before age 25. The child must be unmarried and dependent on the employee for principal support.
 7 Coverage may continue under the Retiree Medical Plan for the duration of the incapacity as long as
 8 the employee continues to be eligible under the Plan and the child continues to meet these eligibility
 9 requirements.
 10
 11 Special applications for coverage are required for disabled dependent children age 25 or older.
 12
 13 A spouse or dependent child no longer is eligible for coverage under the Retiree Medical Plan described in
 14 this Attachment after attaining age 65 or becoming eligible for Medicare.
 15
 16
 17
 18

19 **SECTION 3.**
 20 **HOW TO ENROLL**

21 **A. Initial Enrollment**

22 The retired employee and eligible dependents automatically will be enrolled at the time the retired
 23 employee becomes eligible, provided the retired employee pays any required contributions. The retired
 24 employee and dependents are enrolled in the same plan as immediately before retirement, if applicable.
 25
 26

27 A retired employee who has been enrolled in a health maintenance organization (HMO) or
 28 coordinated care plan may elect to change to the Traditional Medical Plan by calling the Boeing
 29 Service Center within thirty-one (31) days of the date the employee retires. The Company will
 30 supply enrollment instructions at the time of retirement.
 31

32 All family members, including the retired employee, must be enrolled in the same medical plan.

33
 34 **B. Spouse Coverage**

35 Each retired employee with a spouse must provide information regarding coverage available through
 36 another employer to determine whether special contributions are required to enroll the spouse. If the
 37 retired employee does not authorize a required contribution, the spouse will not be enrolled in medical
 38 coverage. The retired employee will not be able to enroll the spouse until the date the spouse loses the
 39 option to be covered under the other employer-sponsored medical plan.
 40
 41

42 The Company will require periodic verification of data.

43
 44 **C. Special Enrollment**

45 If a retired employee declined enrollment for himself/herself or dependents in the Retiree Medical
 46 Plan because of other employer-sponsored health care coverage (such as through a spouse's employer),
 47 the retired employee may be able to enroll himself/herself and eligible dependents in the Company-
 48 sponsored Retiree Medical Plan at a later date as long as enrollment is within sixty (60) days after other
 49 coverage ends.
 50
 51

52 If a retired employee declined enrollment for himself/herself or dependents when first eligible and the
 53 retired employee's or dependent's other health care coverage was through continuation coverage from
 54 a previous employer (coverage mandated by the Consolidated Omnibus Budget Reconciliation Act of
 55 1985, or COBRA), the retired employee or dependent must exhaust his or her COBRA coverage to
 56 be eligible for the special enrollment period.

1 If a retired employee's or dependent's other health care coverage was not through COBRA, the
 2 coverage loss must be due to loss of eligibility for that health care coverage (including from divorce,
 3 death, termination of employment, or reduction in hours of employment) or termination of
 4 employer contributions toward such coverage.
 5

6 If a retired employee is not enrolled in the Company-sponsored Retiree Medical Plan and has a new
 7 dependent as a result of an event such as marriage, birth, adoption, or placement for adoption, the
 8 retired employee may enroll himself or herself, his or her spouse, and any dependent children during
 9 the year as long as enrollment is requested within sixty (60) days after the event by contacting the
 10 Boeing Service Center.
 11

12 If a retired employee is enrolled in the Retiree Medical Plan and has a new dependent as a result of
 13 marriage, birth, adoption, or placement for adoption, the retired employee may enroll the new
 14 dependent during the year as long as enrollment is requested within one hundred twenty (120) days
 15 after the qualified event. See "Changes in Status," Section 3.E, for more information.
 16
 17

18 **D. Transfer Between Plans**

19 Transfer between plans is permitted only during authorized annual enrollment periods or following a
 20 change of residence.

21 **1. Annual enrollment period.**

22 The Company establishes an annual enrollment period each year when retired employees may
 23 change medical plans.
 24
 25
 26

27 **2. Change of residence.**

28 A retired employee who moves out of an HMO or coordinated care plan service area has sixty
 29 (60) days to select a medical plan available in the new location by calling the Boeing Service
 30 Center.
 31

32 It is the retired employee's responsibility to notify the Company of the change in residence
 33 within the sixty (60)-day period.
 34
 35

36 **E. Change of Dependent Status**

37 A retired employee will not be able to make dependent enrollment changes until the next annual
 38 enrollment period unless the retired employee experiences one of the qualified changes in status
 39 described in this section. Any change in enrollment must be consistent with the change in status. To
 40 be consistent, the event must cause the retired employee or family member to gain or lose eligibility
 41 for the Company-sponsored health care coverage or health care coverage sponsored by a spouse's or
 42 dependent child's employer, and the election change must be on account of and correspond with the
 43 gain or loss of eligibility. Qualified changes in status include the following:
 44

- 45 1. The retired employee marries, divorces, or becomes legally separated, or the marriage is annulled.
- 46 2. The retired employee acquires a new, eligible dependent child, such as by birth, adoption, or
- 47 placement for adoption.
- 48 3. The retired employee's spouse or dependent child dies.
- 49 4. The retired employee, spouse, or dependent child starts or stops working.
- 50 5. The retired employee, spouse, or dependent child has any other change in employment status that
- 51 affects eligibility for coverage such as changing from full time to part time (or part time to full
- 52 time).
- 53
- 54
- 55
- 56

- 1 time), salaried to hourly (or hourly to salaried), strike or lockout, or beginning or returning from
- 2 a leave of absence.
- 3
- 4 6. The retired employee, spouse, or dependent child experiences a significant increase in the cost of
- 5 employer-sponsored health care coverage or the employer-sponsored health care coverage ends,
- 6 including expiration of COBRA coverage.
- 7
- 8 7. The retired employee, spouse, or dependent child experiences a significant curtailment or
- 9 cessation of employer-sponsored health care coverage.
- 10
- 11 8. The retired employee, spouse, or dependent child becomes eligible or ineligible for Medicare or
- 12 Medicaid.
- 13
- 14 9. The retired employee's dependent child becomes eligible for, or no longer is eligible for, health
- 15 care coverage due to age limits or a similar eligibility requirement.
- 16
- 17 10. The retired employee, spouse, or dependent child makes an enrollment change in his or her
- 18 employer-sponsored health care coverage, either because of a qualified change in status or an
- 19 annual enrollment.
- 20
- 21 11. The retired employee, spouse, or dependent child changes place of residence or work, affecting
- 22 access to care within the current plan.

23 The retired employee also may change an election to comply with a qualified medical child support

24 order (QMCSO) to provide or cancel coverage for a child resulting from a divorce, annulment, or

25 change in legal custody.

26

27 In most situations, the retired employee must request the dependent enrollment change within sixty

28 (60) days after the qualified event. A retired employee can enroll a new dependent within one

29 hundred twenty (120) days following the retired employee's marriage or a dependent child's birth,

30 adoption, or placement for adoption. Enrollment may be requested by calling the Boeing Service

31 Center. To request enrollment for a new dependent more than sixty (60) days but within one hundred

32 twenty (120) days after marriage, birth, adoption, or placement for adoption, the retired employee

33 must call the Boeing Service Center and speak with a customer service representative. The retired

34 employee must provide the Boeing Service Center with any required supporting documentation

35 within thirty-one (31) days of the date the dependent enrollment change is requested or the coverage

36 change request will be denied.

37

38

39 **SECTION 4.**

40 **EFFECTIVE DATE OF COVERAGE**

41

42 **A. Retired Employees**

43 For newly retired employees, the Plan becomes effective on the first day of the month coinciding with

44 the day such eligible employee retires, provided the retired employee pays any required contributions.

45

46

47 **B. Dependents**

48 The retired employee's current eligible dependents are covered automatically under the Plan on the

49 same date the retired employee's coverage is effective, provided proper application is made and the

50 retired employee pays any required contributions. Eligible dependents acquired after the retired

51 employee's coverage is effective become covered on the date of marriage, date of birth, or date the child

52 is legally placed with the retired employee for adoption, if application is made within one hundred

53 twenty (120) days and the retired employee pays any required contributions. For other newly eligible

54 dependents, coverage is effective on the date dependency is established, if application is made within

55 sixty (60) days and the retired employee pays any required contributions.

56

SECTION 5.

COMPANY AND RETIRED EMPLOYEE

CONTRIBUTIONS

1

2

3

4

5 Company and retired employee contributions for the Retiree Medical Plan are described in Article 16 -

6 Group Benefits.

7

8 If contributions are required and coverage is elected, the retired employee may authorize the monthly

9 deduction of the applicable amount from his or her retirement check from The Boeing Company

10 Employee Retirement Plan. Otherwise, the retired employee may arrange to self-pay for coverage through

11 the Boeing Service Center.

12

13

14 **SECTION 6.**

15 **RETIREE MEDICAL PLAN**

16

17 Medical plans and benefits offered to retirees and their eligible dependents are the same as those offered to

18 active employees as described in Attachment A.

19

20

21 **SECTION 7.**

22 **TERMINATION OF COVERAGE**

23

24 **A. Retiree Coverage**

25 Medical coverage for the retired employee terminates on the earliest of the following dates:

- 26 1. The end of the month before the month the retired employee attains age 65.
- 27 2. The end of the month before the month the retired employee becomes eligible for Medicare.
- 28 3. The end of the month before the month the retired employee becomes covered under another
- 29 medical plan offered by or through the Company.
- 30 4. The end of the last month for which any required contributions are paid.

31

32

33 **B. Dependent Coverage**

34 Coverage for the eligible dependents of the retired employee terminates on the earliest of the

35 following dates:

- 36 1. The end of the month the person no longer is an eligible dependent.
- 37 2. The end of the month before the month the person attains age 65.
- 38 3. The end of the month before the month the person becomes eligible for Medicare.
- 39 4. The end of the month in which the retired employee dies, if there is no surviving spouse.
- 40 5. The end of the month in which the retired employee's surviving spouse dies.
- 41 6. The end of the last month the retired employee is covered under this Retiree Medical Plan or
- 42 the Company-sponsored Medicare Supplement Plan except in the case of the retired employee's
- 43 death.
- 44 7. The end of the last month for which any required contributions are paid.

Subject	Article	Page
Access to Plants - Union Staff	12.2	28
Accredited Representatives	12.1	26
AD&D Insurance (Attachment A - Section 7)		A-10
Agency Fee Provisions	13	29
Alcohol- & Drug-Free Workplace Program (Letter of Understanding - Attachment 4)		49
Compliance Notification Memo		54
Joint Advisory Committee (Letter of Understanding - Attachment 3)		48
Alternate Work Schedules	11.1(b)	22
AOG Assignments (Letter of Understanding - Attachment 29)		70
Arbiters, Selection of	3.4, 3.5	3
Arbitration Panel	3.4	3
Arbitration Procedure	3.6	4
Authorized Leave of Absence - Union Business	12.1(e)	27
Benefits Discussion Group, Joint (Letter of Understanding - Attachment 16)		62
Bonuses		
Lump Sum Cash Payment (Letter of Understanding - Attachment 25)		68
Child & Elder Care and Child Development Programs		
(Letter of Understanding - Attachment 2)		47
Compensation Discussion Group, Joint (Letter of Understanding - Attachment 18)		64
Contract Personnel	9	19
Cost of Living Adjustments	11.4(b)	24
Data Reports (Letter of Understanding - Attachment 6)		56
Dental Benefits (see Insurance)		
Designated Employees (Letter of Understanding - Attachment 14)		60
Downgrading	22.6	41
Drug- & Alcohol-Free Workplace Program (Letter of Understanding - Attachment 4)		49
Drugs, Prescription (see Insurance)		
Dues - Payroll Deduction	13.5	30
Duration of Agreement	23	42
Ed Wells Initiative	20	36
Confidentiality (Letter of Understanding - Attachment 9)		57
Expenditure of Funds (Letter of Understanding - Attachment 8)		56
Funding	20.5	37
Employee Skills Inventory (Letter of Understanding - Attachment 28)		69
Employment Stabilization (Letter of Understanding - Attachment 10)		58
Financial Security Plan (FSP)	6.5	9
Filling of Position Vacancies	8.2	12
FMLA (Family & Medical Leave Act) (Attachment A, Section 21.C)		A-64
Frequent Flier Mileage (Letter of Understanding - Attachment 22)		66
Grievance Procedure	3	2
Guaranteed Salary Adjustments (Minimum Increase %)	11.4(a)(1)	23
Health & Safety (Letter of Understanding - Attachment 5)		55
Holidays	7	10
Insurance - The Package Plan (Attachment A)		
Accidental Death & Dismemberment (Attachment A, Section 7)		A-10
Conversion Privilege (COBRA) (Attachment A, Section 20.G)		A-62
Cost of Group Benefits Package	16.2	32
Deductible, Medical Plan (Attachment A, Section 11.A)		A-15
Dental Benefits (Attachment A, Sections 13, 14, 15 & 16)		A-41
Preferred Dental Plan (Attachment A, Section 14)		A-45
Prepaid Dental Plan (Attachment A, Section 15)		A-46
Scheduled Dental Plan (Attachment A, Section 16)		A-47
Exclusions, Scheduled Dental Plan (Attachment A, Section 16.H)		A-52
Early Retiree Medical Benefits (Attachment B)		B-1

Subject	Article	Page
Leave of Absence (Attachment A, Section 21)	A-63	
Life Insurance (Attachment A, Section 6)	A-10	
Medical Benefits (Attachment A, Sections 10, 11 & 12)	A-13	
Exclusions, Traditional Medical Plan (Attachment A, Section 12.H)	A-38	
Hearing Aid Benefits (Attachment A, Section 12.D.3.b)	A-27	
Maternity Benefits (Attachment A, Section 12.E.7)	A-33	
Maximum Benefit (Attachment A, Section 11.D)	A-24	
Network Pharmacy Program (Attachment A, Section 11.C.14.a)	A-22	
Optional Health Plans (Attachment A, Sections 10 & 11)	A-13	
Precertification Requirements (Attachment A, Section 12.B.1)	A-24	
Prescription Drugs, Mail Order (Attachment A, Section 11.C.14.c)	A-22	
Second Surgical Opinion (Attachment A, Section 12.B.2)	A-25	
Spousal Contribution (\$100)	16.2(b)(6)	33
Substance Abuse Treatment (Attachment A, Section 12.E.5.b)	A-31	
Termination of Coverage (Attachment A, Section 20)	A-61	
Vision Care Benefit (Attachment A, Section 12.F)	A-34	
Job Classifications	22	38
New or Revised	22.4	39
Challenges (Individual)	22.5(e)	40
Job Descriptions – Application & Intent	22.3	39
Joint Commitment (Side Letter)		73
Joint Meetings	10	20
Jurisdictional Disputes	3.12	5
Jury Duty	11.7	26
Layoff Sequence (Redeployment Procedures)	8.3(d)	16
Contract Personnel	9.3(c) & (f)	20
Layoff Benefits	21	37
Less than equivalent employment	8.3(d)(5)	16
Maintenance of Layoff Status	8.4(a)	17
Protection of Union Officials	12.1(h)	28
Return to Active Employment	8.4(b)	17
Temporary Recall (Letter of Understanding – Attachment 15)		61
Voluntary Layoffs (Letter of Understanding – Attachment 13)		60
Leave of Absence		
Medical (Attachment A, Section 21)	A-63	
Review Salary upon return (Letter of Understanding – Attachment 24)		67
Union Business	12.1(e)	27
Life Insurance (Attachment A, Section 6)	A-10	
Lockouts, Strikes	14	30
Lunch Periods	11.2	22
Major Organizations – definition	8.1(a)(4)	11
Medical Benefits (see Insurance)		
Military Leave		
Pay for temporary	11.6	25
Re-employment Rights for Veterans	8.5(b)	19
New Employee Progress Review (Letter of Understanding – Attachment 11)		58
Non-Discrimination	18	35
Overtime	11.8	26
Part-time Employment		
Benefits (Letter of Understanding – Attachment 17)		63
Retentions	8.3(b)	13
Work Schedules, Holidays, Overtime, Jury Duty	11.3	23
Performance Management	4	5
Premium Pay (Shift Differential, incentives)	11.1, 11.5	21, 25

Subject	Article	Page
Promotions, salary increase (Letter of Understanding – Attachment 27)		69
Rates of Pay (minimums)	11.4(d)	25
Recognition	1	1
Report Time	11.2(c)	22
Retention System & Layoff Procedure	8.3	12
Adjustments for seniority	8.3(b)(5)	14
Appeals	8.3(b)(7)	14
Four consecutive R3s	8.3(b)(7)b	14
Two-position Drop	8.3(b)(7)g	15
Notification	8.3(b)(6)	14
Out-of-Sequence Retention	8.3(c)	15
Student Engineers	8.3(b)(8)	15
Review of process, Joint Committee (Letter of Understanding – Attachment 31)		72
Technical Principals	8.3(b)(4)	13
Retirement Plan	17	34
Basic Benefit	17.5(a) - (c)	35
Medical Benefits for Early Retirees (Attachment B)		
Contributions (Attachment B, Section 5)		B-7
Covered Medical Expenses (Attachment B, Section 6; and Attachment A)		B-7
Effective Date of Coverage (Attachment B, Section 4)		B-6
Eligibility (Attachment B, Sections 1 & 2)		B-3
Exclusions (Attachment A, Section 12.H)		A-38
How to Enroll (Attachment B, Section 3)		B-4
Termination of Coverage (Attachment B, Section 7)		B-7
Retraining Skill Transition (Letter of Understanding – Attachment 26)	8.3(d)(4)	16, 68
Rights of Management	2	2
Security Interviews – Union Representation	12.3	29
Selective Salary Adjustments (schedule & percentage)	11.4(a)	23
Seniority Adjustment for Retention Index	8.3(b)(5)	14
Separability	19	36
Sex Crimes (Letter of Understanding – Attachment 1)		47
ShareValue Program (Letter of Understanding – Attachment 19)		64
Shift Schedules	11.1(b)	22
Premiums (incentives)	11.1, 11.5	21, 25
Sick Leave	6	7
Reserve Account	6.4	8
Financial Security Plan (FSP)	6.5	9
Pay for Unreserved Sick Leave on Retirement	6.6	9
SJC (Salaried Job Classification)	22	38
Strikes & Lockouts	14	30
Surplus, definition	8.1(a)(5)	11
Technical Excellence Program (Letter of Understanding – Attachment 30)		71
Telecommuting/Virtual Office (Letter of Understanding – Attachment 20)		65
Temporary Job Classifications	22.4(b)	40
Temporary Recall (Letter of Understanding – Attachment 15)		61
Transfer, Employee requests for (ERT)	8.2(d)	12
Travel Card (Letter of Understanding – Attachment 21)		65
Union Activity During Working Hours	12.1(b)	26
Union Dues	13	29
Union Officials	12	26
Authorized Leave of Absence – Union Business	12.1(e)	27
Departure from the Work Place	12.1(c)	27
Grievance handling	12.1(d)	27
Protection	12.1(h)	28

Subject	Article	Page
Staff Access to Plants	12.2	28
Vacation Plan	5	6
Payment on Termination	5.4	7
Vision Care Benefit (Attachment A – Section 12.F)		A-34
Voluntary Investment Plan	15	31
Wage Rates (minimums)	11.4(d)	25
Witness Service	11.7	26
Work Environment (Letter of Understanding – Attachment 5)		55
Workforce Administration	8	11
Designated Employees (Letter of Understanding – Attachment 14)		60
Working Together Partnership	20.1(b)	36
Work Schedules	11.1	21
Shifts & Lunch Period	11.2	22
Part-time Employees	11.3	23