



Summary of Proposed Contract Between IAM&AW and Boeing **UNION RECOMMENDS REJECT**

YOUR NEGOTIATING TEAM UNANIMOUSLY RECOMMENDS: REJECT PROPOSAL AND STRIKE!

Boeing's "last, best and final offer" asks you to agree to the very corporate practices that are destroying middle class America. It is not about economics. It is a corporate strategy to break the workers who have built this Company. Simply stated, there is no reason for ANY takeaways in this round of bargaining. **In fact, the economic and benefit package is less than what was offered in 2002.**

From the start, the Union has been very clear about our top issues – pensions, health care, job security and team leader. We presented a fair and reasonable offer, but Boeing refused to address your issues. The Company brought three more issues to the table – Simultaneous Multiple Machine Operation, cutting Wichita out of the economic package, and eliminating new hires from future retiree medical benefits. All three are unacceptable and uncalled for.

Every member will be impacted by at least one of these seven issues. It is a divide and conquer strategy you must reject. Boeing insists you make concessions while the top executives continue to collect millions and give up nothing.

On your top issue of pension, the Company multiplier of **\$66 is insulting and is the lowest per centage increase ever since the plan was established in 1955** – even though it was your top issue. Boeing could easily afford a \$20 pension increase with no General Wage Increases (GWI), which would cost approximately \$1.12 an hour per employee. This would have kept them within market rates when you consider other contracts provide 4% and 3% GWI's.

Boeing is asking you to accept **huge takeaways in health care** - even though their profits have tripled in the last three years. Their offer had minimal improvements in some areas of coverage; minor adjustments were made throughout the bargaining process, yet they still ask you to pay more for your health care. Their takeaways far overshadow the improvements. In addition to higher premium payments, you will pay more for office visits, higher deductibles, and increased prescription drug costs. Boeing is introducing two new plans that are unproven and unknown. This is simply unacceptable in a time when profits are soaring. You made it clear to us that takeaways were not acceptable. Don't let Boeing chip away our medical coverage.

On job security, Boeing offered nothing except proposals that would further eliminate jobs. They changed nothing in team leader or material delivery – two of the issues that brought about a substandard contract in 2002.

They are trying to buy you with cash, while dividing and hurting you in other ways. We will not let this Company divide us. Why would we allow them to separate Wichita out of the economic package? If they succeed, who will be next? Auburn, Renton, Everett, Kent, Frederickson, Seattle, Portland?
see Negotiators' Letter Continued on page 2

This is a quick summary of the last, best and final offer Boeing delivered the afternoon of August 30th. The entire contract can be reviewed in detail on our website. Visit: www.iam751.org.

Retirement

Increased pension benefit from \$60 to \$66. **THIS 10% PROPOSED INCREASE WOULD BE THE LOWEST INCREASE PERCENTAGE EVER – EVEN THOUGH IT WAS YOUR TOP ISSUE.**

No COLA for future retirees.

No improvement or COLA for current retirees (non-mandatory bargaining subject).

No improvements or changes in the alternate plan, early retirement penalties, survivor benefits.

Proposed Takeaways

Medical Coverage - Massive Takeaways

Boeing refused to budge off their massive takeaways in medical coverage. Instead they are trying to spin it off as Boeing paying the majority of the premium. Members would now pay 15 percent of the premium for any current plan. This offer eliminates the current free Selections plan and instead offers a new, unproven, untested Select Net Plan for Puget Sound only, with employees paying 5% of

the premium in the first two years, and 10% in the final year. Two other new plans will be offered where members will pay 5 percent of premium (one for eligible retired military and one PPO+ health savings account plan). Members may receive \$20 wellness credit to reduce monthly premium ONLY if they follow the protocol. (see note below chart)

Chart below shows the projected monthly premium payments proposed for each plan effective July 1, 2006. (note: projections assume 10% increase in all health care plan costs).

PROJECTED MONTHLY PREMIUMS FOR HEALTH CARE PLANS						
Insurance Plan	Current Single	Current Family	Projected Single	Projected Family	Single w/ wellness credit	Family w/ wellness credit
Traditional Plan Puget Sound	\$22	\$66	\$60	\$180	\$40	\$140
Traditional Plan Portland	\$33	\$99	\$60	\$180	\$40	\$140
Traditional Plan Wichita	\$89	\$267	\$60	\$180	\$40	\$140
New Select Network Puget Sound	0	0	\$20/\$40*	\$60/\$120*	0*	\$20*
Group Health Puget Sound	\$47	\$141	\$70	\$210	\$50	\$170
Kaiser Portland	0	0	\$60	\$180	\$40	\$140
Preferred HMO Wichita	0	0	\$50	\$150	\$30	\$110
New PPO+ Puget Sound	--	--	\$20	\$60	0	\$20
New PPO+ Portland	--	--	\$20	\$60	0	\$20
New PPO+ Wichita	--	--	\$20	\$60	0	\$20

* First figure denotes projected 2006, 2007 contributions at 5%, second figure is projected 2008 contribution at 10%

Keep in mind: In order to receive \$20 wellness credit to lower monthly premium costs, you must go through Mayo Clinic's health assessment and follow their protocol. For example, if the health profile indicates you need smoking cessation or weight loss, members must complete that program. (Full details of the Mayo Clinic's protocol requirements have not been disclosed.)

Read the Fine Print: Members have questioned why the Company's projections on health care differ from the Union's flyer. The Union's projections are based on per month, which is the typical way of characterizing the premium cost. The Company's projection is based on 24 paychecks so if you double the Company figure, it matches the Union figure.

Medical Coverage - Takeaways

Following is a sample of proposed increases in deductibles, co-pays, prescription and vision coverage for members covered by the Boeing Traditional Medical Plan (similar increases are proposed for other plans):

<u>BOEING TRADITIONAL MEDICAL PLAN:</u>	<u>Current</u>	<u>Proposed</u>
<u>Service</u>	<u>Amount</u>	<u>Amount</u>
Individual Deductible	\$200	\$300
Family Deductible	\$600	\$900
Office Visit Co-Pay	\$15	90% after deduct.
Maximum yearly out-of-pocket expense single		\$2,000 network
Maximum yearly out-of-pocket expense family		\$4,000 network services
Prescription Drug Retail - per prescription		
Generic	\$5	90%, \$5 minimum, \$25 max
Name-Brand	\$15	80%, \$20 minimum, \$75 max
Non-Formulary	\$30	70% or \$35 minimum
Prescription Drug Mail per prescription		
Generic	\$10	\$10
Name-Brand	\$30	\$40
Non-Formulary	\$60	\$70

Below is a brief summary of co-pays and deductibles if members choose the PPO+ Account

Individual deductible	\$1,000 (first \$500 paid by company-funded Health Account)
Family deductible	\$2,000 (first \$1,000 paid by company-funded Health Account)
Office visit co-pays	Employee pays 10% of cost after deductible is met
Major medical/network services	Company pays 90% after deductible until employee's out-of-pocket expense is at the maximum, then Company pays at 100%
Max yearly out-of-pocket expense single	\$2,000 network or \$4,000 if out of network
Max yearly out-of-pocket expense family	\$4,000 network or \$8,000 if out of network

Retiree Medical - Takeaways

TAKEAWAY: Boeing revealed a divide and conquer strategy for retiree medical. Asking one group to sell out another. Members retiring will now have to pay 5% of the premium and co-pays. Current employees, percentage paid will depend on age.

- If hired before January 1, 1993, and are at least 50 years old with 10 years of service, Boeing pays 95% of premium.
- If less than 50 years old, Boeing pays 3-1/3% of cost per year of service – up to 95% of retiree medical premiums. (For example, if you retire with 20 years, Boeing will pay only 66% and you will have to pay 34% of the premium and costs).

TAKEAWAY: If you retire after July 1, 2006, you will not be able to add any new dependents to your medical plans.

TAKEAWAY: Eliminate retiree medical for all employees hired after July 1, 2006.

<u>RETIREE TRADITIONAL MEDICAL PLAN:</u>	<u>Current</u>	<u>Projected</u>
	<u>Amount</u>	<u>Amount</u>
Individual Deductible	\$200	\$300
Family Deductible	\$600	\$900
Prescription Drug Retail - per prescription		
Generic	90%	90%, \$5 minimum, \$25 max
Name-Brand	80%	80%, \$20 minimum, \$75 max
Non-Formulary	70%	70% or \$35 minimum
Prescription Drug Mail per prescription		
Generic	\$10	\$10
Name-Brand	\$30	\$40
Non-Formulary	\$60	\$70

Job Security - Huge Threat!

LOU#37 Material Delivery and Inventory Process - The same language as in the current contract allowing vendors to deliver parts right to the airplane with a potential of huge amounts of job losses for MPRF's, Forklift drivers and Shipping and Receiving clerks/inspectors. Boeing revealed they envision a plan similar to Airbus that allows vendors to deliver and install the parts. This threatens not only MPRF's, inspectors, forklift drivers, but also our mechanics. It is a long-term goal to get rid of us and is simply unacceptable.

No job security commitment to facilities/maintenance members (LOU#2) even if new work is required.

No movement to secure jobs under 21.7 subcontracting. The only thing the Company gave was a written letter to Mark Blondin to review and provide status on LOU #2, LOU #37 and 21.7.

Gutting Wichita

Company kept Wichita in the contract in Article 1 only and removed them from **ALL** economic benefits, including future COLA payments. Why would we allow them to separate Wichita out of the economic package? If they succeed, who will be next? Auburn, Frederickson, Everett, Renton, Portland?

Simultaneous Machine Operation - Eliminates Jobs

The Company wants our machine operators to run up to four machines simultaneously potentially eliminating three other jobs and while offering only a \$1 per hour premium pay (does not count toward retirement) to sell out your co-workers.

Layoff Benefits - Takeaway

Reduce medical benefits following layoff from six months to three months.

If you take an LOA and subsequently take a medical layoff, any time on LOA will count against your layoff medical benefit. Another takeaway.

Team Leader

Zero changes to team leader process.

OTHER ISSUES NOT ADDRESSED

Company refused to change VIP formula to match what other payrolls receive.

No upgrade for hundreds of J&I mechanics affected by the recent massive job combination.

No change for Factory Service Attendant. Union asked for increase in the maximum and the Company refused.

No grandfathering of pay rate for leads or other employees displaced by team leader.

No response to Union letter to join us in a workforce stabilization committee.

Asked Boeing for same sick leave as other payrolls (80 hours per year) and they refused.

No movement in reduction of retentions.

No movement on mandatory overtime provision.

No MLK Holiday.

THE ECONOMIC PACKAGE

2.5% General Wage Increase third year only.

\$3,000 ratification bonus in years 1 and 2 (not offered to Wichita) with 50% VIP match option in both years if employee selects that option.

Boeing is touting our current COLA as a significant economic gain, when it was won in the 1977 strike. This is a benefit you have had for decades. Boeing refused to give the 12¢ COLA you have earned and should receive 9/3/05 - just another takeaway.

Wichita will **ONLY** receive a one-time \$2,800 COLA buyout with an option for VIP match. Wichita would then receive no future GWI, bonus or COLA. Also offer to develop a gain sharing plan within 90 days.

Performance Incentive Plan – A performance based plan based on the Company's financial performance utilizing the Company's publicly reported projections and Company targets. If Company meets certain levels, the plan would pay five days pay as the mid-point for reaching the goal and can go up to 15 days pay for exceeding the Company target by 50%. The first performance period will be 2006, with the corresponding incentive payment to be made in March of 2007. Target payout is 5 days of pay.

MINOR CHANGES

Medical Coverage

\$200 increase in hearing aid allowance. Contact lens allowance increased to \$120. Eyeglass frames increased to \$90.

Lifetime maximum on medical increased from \$1.5 million to \$1.75 million.

Flexible spending account – you can set aside pretax dollars to spend on health care – use it or lose it each year.

Suggestion System

21.2 – Cash awards program for inventions, suggestions or ideas \$250 to \$5,000.

Pay Upon Recall from Layoff

6.2(d) Members at max base rate who are surplus will always return to max base rate upon Category A recall. Previous language had members return at their rate at the time of layoff.

Members surplus, who were not at max rate, will, upon recall, receive a base rate equal to the base rate prior to surplus. This will protect members who were downgraded greater than 56¢ per labor grade.

Dental Coverage

Incentive dental plan maximum increased to \$2,000.

TAKEAWAY: Cleanings reduced from 3 per year to 2 per year.

Eliminated Prepaid Provider Dental Plan. Added new network plan.

Weekly Disability

Nonoccupational weekly disability benefit

Labor Grade	Current	Proposed
A-1-2-3	\$280	\$310
4-5-6-7	\$300	\$320
8-9-10-11	\$330	\$330

Life Insurance and Accidental Death & Dismemberment

Increased from \$32,000 to \$34,000.

Permanent and Total Disability Benefit is now long-term disability plan – 40% of monthly wage after 26th week for up to six month. Employee buy-up option to be added.

NO CHANGES

The majority of the contract had literally no change. The subcommittees spent much time battling back takeaway offers from the Company in nearly every provision.

COLA

No change to quarterly formula **other than to eliminate Wichita from future payments and Boeing refused to give the 12¢ COLA you have earned and should receive 9/3/05 - just another takeaway.**

Bereavement Leave

No change.

Workweek, Hours of Shifts

No change. Successfully stopped Company attempt to change third shift for 787 employees to an 8-hour shift.

Vacation, Sick Leave

No change.

Shift Differential

No change.

Holidays

No change (see schedule page 7).

IAM/Boeing Joint Programs

Maintained funding at current levels despite the reduction in bargaining unit members.

Continuation of the Health and Safety Institute's programs which will help to ensure that our members work in a Safe and Healthy environment by providing peer-to-peer safety related training, as well as many other valuable services.

The Quality Through Training Program will continue providing the best available advising and training programs so that our members have the opportunities to pursue their career and personal development goals.

Education Assistance of \$2,500 per year for active and laid-off members.

Improvements to the Career Guides and ERT related courses.

The Apprenticeship Programs are now part of the IAM-Boeing Joint Programs which will help to establish new and rewarding career opportunities.

The Vocational Solutions Program will continue to provide return to work services for our members who have been injured as well as providing more preventative services to help prevent accidents and injuries in the workplace.

Jobs Committee

Job Combinations/Upgrades/New Jobs

Upgrade Occupational Health Nurses: Job 06707/06708 upgraded to single job grade 9, which results in 16 upgrades.

86109 and 87510 an agreement to evaluate the possibility of combination and upgrade for those job titles.

Portland Only: Combined 735 and 191 job families into one job family, grade 4, 5, 7. Also job 153 and 166 combined into one job family, grade 6, 8. This strengthens seniority.

Puget Sound only: Combined and upgraded 905/007/945 grade 6, 7, 8 and 9 to one job family grade 8 and 9. This will result in the recall of 1 Category A and upgrade of approximately 15 grade 6's and approximately 75 grade 7's to grade 8's.

Wichita Only: Combined and upgraded job families 514/506/690/C36-06 and 08 to one job family grade 7 and 9, which will result in one grade 7 recall and 5 grade 6 upgrades to grade 7. Also one grade 8 upgrade to grade 9.

Wichita Only: Airframe and power plant license premium, 50 cents per license in the following jobs: U34/U01/920 approximately 450 members will have the ability to obtain their A and/or P license and receive 50 cents premium pay for each license.

Puget Sound only: Field Aviation Maintenance Technician. The following jobs after receiving A&P and FCC license will receive upgrades to new Grade 10 job classifications. Jobs C2608, 97308, 97008, 97408, 92408, 92009, 53809, and 52509. Any existing labor grade 10 or 11 in the above job families will receive a 56 cents per hour premium for obtaining the A&P and FCC license. Approximately 1,000 members have the opportunity to promote to new Grade 10 job classifications. An additional 114 members have the opportunity for premium pay of 56 cents per hour. The new job classifications will be a multi-task/multi-skill job description and be voluntary.

Duration

Three-year Agreement to expire 9/3/08.

Workforce Administration

Category A – Cat A rights increased for those members having 5 years of seniority at time of surplussing action from 6 years to 7 years.

In addition, for those members downgraded or laid-off between 9-11-01 and 9-11-04, their rights have been extended to 8 years.

Those employees, including leads, affected by implementation of team leader, who are holding their original labor grade but working in a lower classification, now will be given the same consideration for shift preference and lateral transfers accorded to employees in the lower grade job classification of the work being performed.

Those employees medically laid-off or who took a disability retirement now have 6 years to return to Boeing if their condition improves in lieu of the previous 5 years.

Added additional language and target job classifications to the apprenticeship program.

Reduced percentage of designated candidates for promotion from 1% to .75% (three-quarters of one percent).

Company improvements:

If you turn down a job offer through the ERT system, you will now have to wait 90 days before you can refile for it.

The Company can now laterally transfer junior employees from site-to-site subject to the limitations of Article 22.7 (first 3-years of a senior employee's Category A rights). Previous language did not allow transfers if there were any existing senior Category A employees (6-year time frame).

Eliminated automatic 30 day Category A filing.

In addition, the Company has not been willing to reduce current retention levels. Another example that they continue to disregard seniority.

Holidays

2005 Holidays

	<u>Date</u>
Labor Day	9/5/05
Thanksgiving Day	11/24/05
Friday following Thanksgiving	11/25/05
Winter Break	12/23/05
Winter Break	12/26/05
Winter Break	12/27/05
Winter Break	12/28/05
Winter Break	12/29/05
Winter Break	12/30/05

2006 Holidays

	<u>Date</u>
Winter Break	1/2/06
Memorial Day	5/29/06
Independence Day	7/4/06
Labor Day	9/4/06
Thanksgiving Day	11/23/06
Friday following Thanksgiving	11/24/06
Winter Break	12/22/06
Winter Break	12/25/06
Winter Break	12/26/06
Winter Break	12/27/06
Winter Break	12/28/06
Winter Break	12/29/06

2007 Holidays

	<u>Date</u>
Winter Break	1/1/07
Memorial Day	5/28/07
Independence Day	7/4/07
Labor Day	9/3/07
Thanksgiving Day	11/22/07
Friday following Thanksgiving	11/23/07
Winter Break	12/24/07
Winter Break	12/25/07
Winter Break	12/26/07
Winter Break	12/27/07
Winter Break	12/28/07
Winter Break	12/31/07

2008 Holidays

	<u>Date</u>
Winter Break	1/1/08
Memorial Day	5/26/08
Independence Day	7/4/08
Labor Day	9/1/08

Vote **NO** on the Contract - Vote **YES** to Strike

If we accept concessions in good times, you can bet Boeing will continue to erode our contracts and take from all of us in the future. What we have today is due to the sacrifices past generations have made. Those at the top are not giving back and neither should we. Take action now to protect you and your families' future. Do the Right Thing for all the Right Reasons.