

From: Doug Kight
Sent: Wednesday, July 2, 2008
Subject: IAM negotiations update – steering team meeting

****This message is being sent by Doug Kight, vice president of Human Resources, to all managers and HR employees in Washington, Oregon and Kansas ****

IAM negotiations update — steering team meeting

As you know, we are taking a different approach to negotiations this year. As part of this more open and transparent approach, we are holding several steering team meetings during which both IAM and Boeing subcommittee leaders report out on progress they are making on their respective issues.

Proposed health care and insurance benefit improvements

Today, we held our second Boeing/IAM steering team meeting, and we discussed Boeing's initial proposal on changes to healthcare and insurance benefits, which was first presented Tuesday in a subcommittee meeting. The proposal builds on the description of Boeing's priorities listed in the [IAM Platform for Discussion](#) which is posted on our [2008 negotiations Web site](#).

In the areas of health care and insurance benefits, Boeing is proposing that the following plans be offered to employees, without monthly payroll contributions, for the duration of the upcoming contract:

- Traditional Medical Plan (for Puget Sound and all other areas not listed below)
- Preferred Plus of Kansas HMO (for Wichita)
- Kaiser Permanente HMO (for Portland; Cowlitz and Clark counties in Washington state; and California)

Boeing also is proposing a new optional plan called the PPO+*Account* as a second “no-contribution” plan in all these locations.

We've listened to the IAM, and we're proposing several improvements in health care and insurance benefits that the union has requested. These include improvements in areas such as wellness and preventive care, dental coverage, vision coverage and life insurance.

While these improvements would be welcome additions to an already outstanding health care plan, as you can imagine, they would directly increase the cost. The company is proposing adding these improvements with the understanding that employees increase the amount they pay. Under this proposal, employees' cost would increase moderately, but the cost would remain significantly below market rates. Boeing would continue to pay the vast majority of total health care and insurance costs.

Presenting a benefits proposal before we enter the final, hotel phase of negotiations is new to our process, and we are looking forward to continuing our discussions with the IAM about these important issues.

Progress in noneconomic areas

We also are making significant progress in other areas. We have tentatively agreed to maintain existing language in more than a dozen areas. These areas cover noneconomic issues and do not affect benefits or compensation. Agreeing on these issues early on will allow us to focus on the economic issues as we move closer to the contract expiration.

Stay connected!

I've also posted several items to my [innerViews blog](#) — including some responses to your questions on negotiations. I'm enjoying blogging and getting comments from you, so please keep sending them in. It's a great way to hear what questions you have, things you've been curious about and your thoughts and ideas in general. Make sure to subscribe by entering your e-mail address in the box on the right of the blog page.

Now that it's finally summer in the Puget Sound area, I'm reminded that we will be going into final negotiations in just a few short weeks. In the meantime, we have a lot to celebrate this 4th of July weekend. We are members of the greatest workforce, producing amazing products and providing world-class services to maintain them. I'm very proud to be a part of the Boeing team, and I know that you are too.

Enjoy the holiday and safe travels. And thanks for your continued support of our new approach to negotiations.

Doug