

From: Doug Kight

Sent: Tuesday, July 29, 2008 2:23 PM

Subject: IAM negotiations update – retirement programs for new employees

****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 – retirement programs for new employees

During IAM negotiations today, we introduced two retirement proposals for employees hired after Jan. 1, 2009. We intend to make retirement proposals for current employees—including increasing the current pension level—later in the negotiations process.

An enhanced defined-contribution retirement program for future Boeing hires

We offered a new defined-contribution retirement plan that includes an automatic company contribution as well as a company matching contribution. This proposal is in line with the priorities we described in the [IAM Platform for Discussions](#) which we presented to the union when we opened negotiations.

Under this proposal, Boeing would contribute an amount equal to 4 percent of a new employee's base pay whether or not the employee makes contributions to the plan. In addition, the company would match 50 percent of employee contributions up to 8 percent of an employee's base pay. This is the same match that IAM-represented employees receive today through the Voluntary Investment Plan. In total, Boeing will contribute 8 percent of employees' base pay when employees take full advantage of the company match.

This new retirement program will help accomplish two key goals:

- Allows us to attract and retain the kind of quality employees we need to remain successful. It provides an exceptional retirement benefit that vests immediately, grants employees control over their retirement funds, and is portable for employees who leave the company. We believe that these are valuable elements of a retirement plan designed to attract a new, more mobile generation of employee while offering those employees who spend their careers at Boeing the opportunity to achieve long-term, financial well-being.
- Makes retirement costs more predictable for the company by separating some retirement benefits from the variable performance of markets and investments. In an environment where a dwindling number of companies are offering traditional pension plans, this will help Boeing remain competitive while providing employees with an opportunity for a secure financial future in retirement.

The company announced a similar [retirement program](#) on June 24 for nonunion Boeing employees hired on or after Jan. 1, 2009. In addition, Boeing also negotiated this type of retirement program for new hires in six union contracts around the company.

Early-retiree medical

Also today, Boeing proposed discontinuing the early-retiree medical plan for IAM-represented employees in Puget Sound, Portland and Wichita hired after July 1, 2009.

Boeing discontinued early-retiree medical for nonunion employees hired after Jan. 1, 1999. Early-retiree medical also has been discontinued for new hires in all but four of Boeing's 50 labor agreements.

Actions for managers

We're about three weeks away from moving to the hotel for the final phase of negotiations. During the past few weeks, we've started negotiating economic issues. In addition to today's discussions, we've talked to the IAM about health care benefits, incentive compensation plans, paid-time off, and additional premiums for team leaders. I am pleased with our progress. We remain committed to presenting a final offer to the IAM before the Labor Day weekend, providing employees with the time they need and deserve to review the proposed contract with their families before voting on the offer on Sept. 3.

For answers to questions on the enhanced defined-contribution retirement program and early-retiree medical for future Boeing hires, click [here](#).

Please continue to share this information with your teams. You are a vital component in our communications strategy and we appreciate your support.

Doug

For additional information on 2008 Negotiations, [visit the negotiations Web site](#) or read Doug Kight's [innerViews blog](#).