



From: Doug Kight
Sent: Sunday, August 31, 2008 5:33 PM
Subject: Three days until employees vote on Boeing's best and final offer

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

Three days until employees vote on Boeing's best and final offer

Tuesday and Wednesday will be incredibly important days for Boeing and our employees.

Managers have been doing a tremendous job of talking with employees about the best and final offer, and I encourage you to continue working with employees to help them understand the value of this contract. We need to emphasize the outstanding value that it brings to our employees and work to overcome any confusion on the issues.

Over the past several days, we've been answering questions to clarify issues in our best and final offer. Today, we posted several additions to the Q&A section of the Web site. The new questions are included in this message (see below) or for a link to the entire Q&A section, click [here](#). Please review this information over the weekend so that you can help your employees better understand our best and final offer.

Actions for managers

Schedule time to review the archived webcasts with your crews. This is worth investing your time and your team's time. Click [here](#) for the morning webcast and [here](#) for the afternoon webcast.

Remind your employees that this truly is our best and final offer. As promised, we presented it before the Labor Day weekend so that employees can have time to review the contract with their families, use the online [Pay & Benefits calculator](#) and vote in their best interest on Sept. 3. The full text of the contract also is posted on our [Web site](#).

Educate yourself on the issues. If you or any of your employees have questions, our Negotiations Call Center is open from 6 a.m. to 6 p.m. Pacific time. The phone number is 866-725-2180. You also can e-mail questions to ERPugetSound@boeing.com.

Tomorrow, I will not be sending you a daily message. I hope that you will be able to rest and enjoy the Labor Day holiday.

Thank you for your continued support.

Doug

Frequently Asked Questions about Boeing's Best and Final Offer

Pay

Has Boeing changed the way COLA is figured?

No. In the best and final offer, cost of living adjustments (COLA) will be calculated the exact the same way it has been for more than 10 years. Each September, COLA is added on to every IAM-represented employee's base rate. Employees who hire in during the year or go on leave for longer than 90 days will receive a pro-rated COLA increase based on the amount of time they were on the active payroll during the past 12 months.

Why doesn't Boeing pay COLA for the last quarter of the existing contract? Shouldn't it be included in our best and final offer?

The 2005-2008 collective bargaining agreement provided for 11 quarters of COLA, which excludes the last quarter. This is consistent with previous collective bargaining agreements and with our current best and final offer.

In the [summary of the best and final offer](#), Boeing projects that COLA will add 22 cents per hour to pay rates in the second-year of the contract, and 15 cents per hour in the third year. Is it possible that the actual amount of COLA increase could be higher or lower than this?

Yes. These estimates in Boeing's [summary of the best and final offer](#) are projections based on economic forecasts from an outside vendor. The actual COLA payments will reflect the actual rates of inflation.

Boeing included these projections to show the value that COLA provides employees. On average, COLA has added approximately 1 percent to an IAM-represented employee's base pay per year since 1996.

How is Progression affected by the minimum rates increase?

An employee's position in progression is not impacted by the minimum rate increase. Employees still receive a total of 12 progression increases before their rate is adjusted to the maximum rate for their pay grade. While in progression, employees receive a \$0.50 increase to their base rate every six months.

There is some confusion about whether all employees in progression will receive the full general wage increases in the proposed contract. Can you clarify this issue?

All employees in progression will receive both the amount of COLA that they have earned (see the first question above) *and* the full general wage increases offered in the contract.

If these increases do not bring their base pay to the new minimum pay rates, they will receive an *additional* pay increase so they are earning the new minimum rates.

In the first year of the proposed contract, every employee in progression will receive both COLA and a 5 percent general wage increase. Some employees will receive even more to take their pay to the new minimum rate.

In the second year of the proposed contract, every employee in progression will receive both COLA and a 3 percent general wage increase.

In the third year of the proposed contract, every employee in progression will receive both COLA and a 3 percent general wage increase.

How can employees calculate their new hourly pay rates under the proposed contract?

The [Pay & Benefits Calculator](#) provides an estimate of the total value that will be delivered to employees over the duration of the contract. Employees can also estimate their new hourly rates for year 1 of the contract proposal by performing the following step-by-step calculations on their own:

Step 1: Find your current base hourly rate

Example – *employee currently makes \$13.28/hr as a Grade 4*

(If you don't know your current base rate, you can find that information in TotalAccess on the My Profile page, center column under My Boeing Profile, click "View my employee history." If you have difficulty finding the information, please consult with your local Human Resources Generalist.)

Step 2: Add COLA to current hourly rate

Example – $\$13.28 + \$0.37 = \$13.65/hr$

(For employees who started work before March 8, 2008, COLA will equal \$0.37/hr. For those hired since March 9, or who have been on leave of absence longer than 90 days during the past 12 months, COLA will be \$0.21/hr or less.)

Step 3: To that new rate, apply 5% GWI for year 1

Example – $\$13.65 \times 1.05$ (5% GWI) = $\$14.33/hr$.

Step 4: If applicable, further increase hourly rate to the new minimum rates in proposed contract

Example – $\$14.33 + 0.67 = \15.00 new hourly rate for grade 4

Step 5: If applicable, add shift and premium pay to your hourly rate to see your new base rate

Are factory service attendants in Grade A eligible for the increases in minimum pay rates?

Yes. Factory service attendants in Grade A are eligible for the increase to minimum pay rate, which is \$11/hr.

Will factory service attendants receive the general wage increases in the contract?

Those below the maximum will receive the general wage increases. For those at the maximum rate for Grade A, the general wage increase will be paid as a lump sum equal to 5 percent of their base pay in the first year of the contract, 3 percent in the second and 3 percent in the third.

Health Care

If I retire during this contract and am not eligible for Medicare, will I lose my early retiree medical coverage?

No, you will not lose your early retiree medical coverage. The language in the best and final offer regarding the Agreement expiration is meant to clarify that the agreement covers active employees and active employees who retire during the term of the contract and who continue to meet the eligibility requirements under the plan that was in effect when they retired.

What's changing with the prescription drug plan?

The current copayments for prescription drugs are not changing from what they are today. A mandatory generic drug program is being introduced and applies only when a generic is available. If your prescription drug does not have a generic equivalent, this program does not apply; you will continue to receive your brand-name drug as you do today. However, many brand name drugs do come in a generic form. If you prefer to choose a brand-name drug when a generic equivalent is available you'll pay the generic copayment plus the cost difference between the brand-name and generic drug. For circumstances where participants cannot tolerate the generic, a waiver will be approved when appropriate. These provisions are not effective until January 1, 2010, leaving ample time to work with your physician on what is most appropriate for you.

Pension

Are the pension plan's joint and survivor options being eliminated?

No. However, there is some confusion between these joint and survivor options and a life insurance benefit with a similar sounding name (see below).

Life Insurance Benefits

Does the best and final offer change the life insurance survivor income benefit plan?

Yes. The company has proposed to discontinue the life insurance survivor income benefit plan **while at the same time increasing the life insurance amount**. This gives the employee's surviving beneficiary a greater benefit immediately. Survivor payments being made today and those that begin prior to Jan. 1, 2010, will continue to the full extent of the current benefit.

Holidays

As part of this contract offer, will Boeing employees be paid for Labor Day 2011?

The proposed contract expires on Sept. 3, 2011, which is prior to Labor Day. Labor Day 2011 is anticipated to be included as a paid holiday in the next contract

For more questions, go to the [Q&A section](#) of the Web site.