

**ARTICLE 11
GROUP BENEFITS**

Section 11.1 Type of Group Benefits Program for Employees on the Active Payroll.

The Company will extend until ~~June 30~~December 31, 2009, the Group Benefits Program agreed to in the Collective Bargaining Agreement ~~of September 29, 2002~~, between the Company and the Union. In lieu of the existing Group Benefits Program, the Company will provide the life insurance benefits, accidental death and dismemberment benefits, short-term disability benefits, medical benefits and dental benefits for eligible employees and medical benefits and dental benefits for covered dependents of eligible employees as summarized in the document entitled Attachment A effective ~~July 1, 2006~~January 1, 2010, or on such later date when specifically stated therein. The period of July 1, 2009 through December 31, 2009 will be a short plan year prior to the transition to a calendar year plan beginning January 1, 2010.

Section 11.2 Cost of the Group Benefits Program for Employees on the Active Payroll.

11.2(a) Life Insurance and Disability Benefits. The Company will pay the full cost of the Life Insurance, Accidental Death and Dismemberment, ~~Survivor Income~~ and ~~Weekly Short-term~~ Disability Plans for eligible employees.

11.2(b) Medical Benefits. The Company and the Union are committed to controlling health care costs through joint efforts under the Joint Committee on Health Care Costs and Quality. In support of these efforts, the Company will continue to share the cost of medical coverage with employees. Effective January 1, ~~2004~~2010, Company and employee contributions will be as follows:

11.2(b)(1) In regions where employees may choose between Coordinated Care, Exclusive Provider and/or Health Maintenance Organization plans or the Traditional Medical Plan, the Company will pay the full ~~cost-plan rate~~ of ~~the low-cost-a Company specified~~ plan in the applicable region for eligible employees and dependents for the term of the Agreement. For those employees and dependents whose coverage is with another plan, employees will contribute seven (7) percent of the plan rate determined by the Company on a pre-tax basis ~~the difference between the cost of the low-cost plan and the plan the employee chooses.~~

11.2(b)(2) In regions where Coordinated Care, Exclusive Provider and/or Health Maintenance Organization plans are not available, the Company will pay the full ~~cost-plan rate~~ of the Traditional Medical Plan for the term of the Agreement.

11.2(b)(3) The employee is required to contribute an additional \$100 each month for medical coverage under the Group Benefits Program to enroll a spouse or same-gender domestic partner who is eligible for medical coverage

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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 Program, provided he or she enrolls at the other plan's next enrollment period or, if earlier, at an enrollment date allowed by the other plan.

11.2(c) Dental Benefits. The Company will pay the full cost-plan rate of ~~either~~ the Incentive Dental Plan, Network Dental Plan or Prepaid Dental Plan.

Section 11.3 Type of Retiree Medical Plan.

~~For employees covered on or after July 1, 2003, the Company will provide for the duration of this Agreement for eligible retired employees and covered dependents of eligible retired employees the medical benefits 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. The program summarized in Attachment B shall be referred to as the Retiree Medical Plan.~~

For employees who retire during the term of this Agreement, the Company will provide for eligible retired employees and covered dependents of eligible retired employees:

11.3(a) until December 31, 2009, or if applicable, the later effective date of Attachment B, the retiree medical plan agreed to in the collective bargaining agreement of September 29, 2005; and

11.3(b) from January 1, 2010, or a later date specifically described in Attachment B as its effective date, and for the duration of this Agreement, the medical benefits summarized in the document entitled Attachment B, subject to all of the terms and conditions contained in or referred to in Attachment B.

The program summarized in Attachment B shall be referred to as the Retiree Medical Plan. The period of July 1, 2009 through December 31, 2009 will be a short plan year prior to the transition to a calendar year plan beginning January 1, 2010.

Section 11.4 Cost of the Retiree Medical Plan.

~~Except as described in 11.4(b) and 11.4(c),~~During the term of this Agreement, the Company will share the cost of medical coverage for ~~current eligible retired~~ employees eligible to retire, employees on the active payroll, on layoff or on leave of absence on June 30, ~~2002-2009~~ as follows:

11.4(a) Effective July 1, ~~2003~~2009, Company and retired employee monthly contributions will be as follows:

For employees who were hired prior to January 1, 1993, For any Coordinated Care, Exclusive Provider and/or Health Maintenance Organization plan coverage, retired employees will contribute \$10 for a retired employee only, \$20 for a retired employee and spouse or same-gender domestic partner, \$20 for a retired employee and child(ren), or \$30 for a retired employee and family. For

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employees who were hired before January 1, 1993 for Traditional Medical Plan coverage, retired employees will contribute \$20 for a retired employee only, \$40 for a retired employee and spouse or same-gender domestic partner, \$40 for a retired employee and child(ren), or \$60 for a retired employee and family. The Company will pay the cost-plan rate of each plan in excess of the amount contributed by retired employees.

11.4(b) For employees who are hired on or after January 1, 1993, the Company contributions are limited to three and one third percent of the cost-of-plan rate for the Coordinated Care, Exclusive Provider, and/or Health Maintenance Organization plan or Traditional Medical Plan the retired employee chooses per year of service for the duration of the Agreement. Retired-Those retired employees pay the difference (the cost of the plan minus the Company contributions). However, all-covered retirees they must make contributions not less than the amount specified in Section 11.4(a).

11.4(c) The retired employee is required to contribute \$100 a month to enroll a spouse or same-gender domestic partner in the Retiree Medical Plan if the spouse or same-gender domestic partner is eligible for coverage under another employer-sponsored plan as an active employee and waives such coverage.

11.4(d) Company contributions will be made only for an eligible retired employee who retires during the term of this Agreement, provided the employee 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 makes arrangements with the Company to self-pay for coverage. Such Company contribution will continue for an eligible retired employee or eligible spouse or same-gender domestic partner reduced by retired employee contributions required under Sections 11.4(a) and 11.4(b) and the spouse or same gender-domestic partner contribution in Section 11.4(c), if any, until such eligible person attains 65 years of age or is earlier eligible for Medicare or until this Agreement expires, if earlier, and for a dependent child, until such dependent is no longer an eligible dependent or earlier qualifies for Medicare, or until this Agreement expires, if earlier.

Section 11.5 Details and Method of Coverage.

The benefits summarized in the Group Benefits Program 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 Program 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 Program or Retiree Medical Plan.

Such contracts and/or administrative agreements will require the administrative agents to implement pharmacy management programs, and to develop various programs and procedures designed to contain costs based on those portions of the Group Benefits

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Program 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 during the term of this Agreement 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 any eligible active employee or employee who retires during the term of this Agreement, or to his or her dependants.

During the term of this Agreement, the Company shall not, as to any eligible active employee or employee who retires during the term of this Agreement (or to his or her dependants) change the benefits or increase the deductibles or copayments shown in Attachment A and Attachment B, except as required by law, without approval of the Union, and in the event the Company makes such change without the Union's approval, such action shall be subject to the provisions of Article 19 of this Agreement. The failure of an insurance company, health care contractor or administrative agent to provide for 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 which 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 11.6 Administration.

The Group Benefits Program 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 Program or the Retiree Medical Plan and the Employee Benefit Plans Committee of The Boeing Company, and, except as provided in Section 11.5 above, no question or issue arising under the administration of such Group Benefits Program or the Retiree Medical Plan or the contracts and/or administrative agreements identified therewith shall be subject to the grievance procedure or arbitration provisions of Article 19 of this Agreement. No new medical or dental plans will be added or existing plans deleted without prior consultation and notification of the Union.

Section 11.7 Copies of Policies to be Furnished to Union.

Copies of the policies, contracts, and administrative agreements executed pursuant to this Article 11 shall be furnished to the Union and the coverages and benefits indicated in the Group Benefits Program 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 11.8 Federal or State Programs.

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 shall be subject to the grievance procedure or arbitration provisions of Article 19 of this Agreement.