

TENTATIVE AGREEMENT

LETTER OF UNDERSTANDING NO. 18

**SUBJECT: EXPENDITURE OF FUNDS UNDER
ARTICLE 16 AND ARTICLE 20**

The parties agree that the Company will provide the necessary funding in support of IAM/Boeing Joint Programs (Joint Programs) activities which include the IAM/Boeing Health & Safety Institute (HSI), the IAM/Boeing Quality Through Training Program (QTTP), and other activities approved by the IAM/Boeing Joint Programs National Governing Board (Governing Board). The following sets forth the practices which will be followed:

1. The Company will provide in each year fourteen (14) cents for each bargaining unit compensated hour, but not less than fourteen (14) million dollars per year. In addition, the Company will provide funding for the QTTP Education Assistance (EA) Program up to four (4) million dollars per year. EA funds not spent in one calendar year will not carry over to the next year.
2. The annual funding amounts for Joint Programs shall be determined each September 2 and shall be based on the number of bargaining unit compensated hours in the preceding period of September 2 to September 1. Amounts not spent in one annual period shall carry over to the next year, but not beyond the expiration of the Agreement. Additionally, the Company will provide other funds, as approved by the Governing Board, to support the Joint Programs' statement of work.
- ~~3. The Governing Board shall establish the annual budget for the Joint Programs which includes HSI, QTTP, and other approved joint initiatives. The initial budgets shall include a minimum of four (4) million dollars for HSI and ten (10) million dollars for QTTP. The Governing Board shall, during any annual budget year, have the authority to reallocate funds between HSI and QTTP as they deem necessary.~~
43. All labor and non-labor will be treated according to current Boeing accounting practices.
54. To the extent permitted by law, one or more trust funds will be established pursuant to the Taft-Hartley Act, 29 U.S.C. §186, to contract with the Union for the services of any individual employed by the Union who is named to the administrative staffs established by Section 16.2(b) and Section 20.2(c). The trust(s) shall be established pursuant to a written agreement between the parties which complies with clause (B) of the proviso to 29 U.S.C. §186(c)(5). In addition, the terms of any contract between the trust and the Union shall provide

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that the Union will be reimbursed for the services of these individuals on the basis of their base rate plus actual expenses for payroll taxes and the following employee fringe benefits: employee per diem; IAM pension plan; package H & W insurance; Western Metal Trades pension; and automobile insurance. The Company shall provide funds to the trust in a sufficient amount and in a timely manner to enable the trust to meet its contractual obligations to the Union.

65. Individuals employed by the Union who are named to an administrative staff established by Section 16.2(b) or Section 20.2(c) shall be full-time, dedicated to the Joint Programs.
76. The Union will be reimbursed in accordance with paragraph 5 for the services of the individual employed by the Union who is identified as Executive Director - IAM/Boeing Joint Programs only to the extent such services are actually rendered on behalf of the respective Joint Programs.
87. The ~~Governing Board~~Company will give consideration to the IAM Corporation for Re-Employment and Safety Training, Inc. (CREST) as a service provider in support of ~~HSI and/or QTP activities~~vocational rehabilitation counseling services. Any such service may be contracted for pursuant to paragraph ~~5~~ 4 above. ~~The parties have agreed to authorize the services of CREST in support of the Vocational Solutions program in an amount not to~~ The Company shall provide funding for vocational rehabilitation counseling services in support of disability management through Vocational Solutions. The funding shall not exceed three (3) million dollars annually. Such funding will not extend beyond the expiration of the Agreement. Funds not spent in one calendar year will not carry over to the next year.
98. The Company agrees to continue funding through December 31, ~~2005-2008~~ at the levels previously approved by the National Governing Board for the ~~2005~~ 2008 Joint Programs budget.

Dated: September 4, 2008