

Best and Final Offer
August 28, 2008

TENTATIVE AGREEMENT

LETTER OF UNDERSTANDING NO. XX

SUBJECT: CONTINUOUS PRODUCTIVITY IMPROVEMENT

The Union and the Company agree that it is to their mutual benefit in a competitive global environment, to work together to continuously improve the production system through productivity improvement activity. The parties agree that to increase employee understanding, acceptance and support in the area of productivity improvement, it is in their best interest to engage IAM/Boeing Joint Programs.

IAM/Boeing Joint Programs, in support of other Boeing productivity improvement initiatives and organizations, will develop and initiate programs and activities in the areas of training, education, and implementation. This effort will be aimed at improving safety, quality of work life and overall productivity of the Boeing Production System.

The parties agree that the Company will provide the necessary funding in support of the activity stated above. The Company will provide one (1) million dollars to IAM/Boeing Joint Programs per year. Amounts not spent in one annual period shall carry over to the next year, but not beyond the expiration of this Agreement.

The Company agrees to continue funding through December 31, 2011 at the levels previously approved by the 2011 IAM/Boeing Joint Programs budget.

Dated: September 4, 2008