

LETTER OF UNDERSTANDING NO. 37

SUBJECT: MATERIALS DELIVERY AND INVENTORY PROCESS

The Company and the Union agree that parts, materials, tools, kits and other goods or products furnished by an internal or external supplier, vendor, contractor, or subcontractor may be delivered or presented to the Company at any location to be designated by the Company, including but not limited to local receiving areas, staging areas, parts control areas, materials and tool storage areas, and/or factory locations where parts or assemblies are installed. Such locations will be staffed, as necessary, with Company employees, including bargaining unit employees in classifications responsible for receiving and distribution, and job functions performed by employees that fall within bargaining unit job description(s) will continue to be performed by such bargaining unit employees. ~~In addition,~~

On Commercial Airplane programs other than 787-Everett, internal and external suppliers, vendors, contractors, or subcontractors may, at the Company's request, perform inventory transactions related to goods or products they are delivering or furnishing to the Company, ~~which may include~~with bargaining unit employees tracking use, disbursement, acquisition, and/or inventory of parts, materials, tools, kits, and other goods or products consistent with bargaining unit job descriptions.

The Company's Materials Delivery Group Process Owner will ~~conduct a quarterly review consult~~ with the Union Site Representatives on a monthly basis to provide status on the previous quarter's discuss activities and issues related to the Materials Delivery and Inventory process and to discuss. ~~The reviews may include a discussion of opportunities to improve the Materials Delivery and Inventory process, including the most efficient use of Boeing employees and resources and the implementation of new technology. Upon the Union's request, the Company will conduct a quarterly review to discuss decisions or issues with the Materials Delivery and Inventory process from the previous quarter's activity.~~

The parties will explore options for retraining or reassigning bargaining unit employees to equal level jobs when bargaining unit employees are impacted by the Company's implementation of process and technology changes. In addition, forklift drivers (419 classification), MPRFs (614 classification), Factory Consumables Handlers (607 classification), Environmental Control Workers (HazMat – 855 classification), and Shipping/Distribution (611 classification) as of September 3, 2008 will not be laid off or removed from their job classification and grade as a result of the Materials Delivery and Inventory process.

Nothing in this Letter of Understanding will be construed to permit suppliers or vendors to install parts or components on the airplane, unless the vendors or suppliers are correcting errors or performing warranty work.

~~The Company agrees that bargaining unit employees will not be laid off as a direct result of the Company's conversion to the Materials Delivery and Inventory Process, unless the employees are unwilling to change jobs (including a downgrade), shifts, or locations within the bargaining unit. Employees who are employed as forklift drivers as of September 2, 2005 will continue their regular assignments for the term of the contract, including but not limited to the movement of supplier and vendor parts from local receiving areas within the factory.~~