

TENTATIVE AGREEMENT REGARDING CONTRACT EXTENSION

The parties to this Tentative Agreement (Agreement) are the International Association of Machinists and Aerospace Workers, District Lodges 751, 70, and W24 (the Union) and The Boeing Company (the Company).

The parties desire to establish a new working relationship to ensure critical mutual objectives are met. These objectives are:

- sustainment and growth of jobs, providing fair wages and benefits
- delivery of safe, reliable, market-leading products and services at competitive prices
- meeting cost and productivity pressures from existing and future competitors in both the commercial and defense businesses
- working closely together to achieve these and other objectives central to mutual success

In order to meet those objectives, the Company and the Union agree as follows:

1. Effective Date

This Agreement will become effective on the date the Agreement is ratified by the bargaining unit.

2. Duration

Except as expressly provided for in this Agreement, all provisions of the collective bargaining agreement dated November 2, 2008 ("CBA"), including the Memorandum of Understanding Regarding New Lazer Shock-Peening Technology, shall remain in full force and effect until midnight at the close of September 8, 2016. This Agreement will also terminate at midnight at the close of September 8, 2016.

3. Article 6 – Rates of Pay (see new contract language, page 5 of this document)

Article 6 of the CBA will be amended to provide for general wage increases of two (2) percent of base wages in September of 2012, 2013, 2014, and 2015, and effective dates of potential COLA adjustments for the term of the CBA extension, in accordance with this Agreement.

4. Article 7 – Holidays (see new contract language, page 6 of this document)

Article 7 of the CBA will be amended to provide for 48 holidays for the period of the CBA extension, consistent with the CBA's historical holiday schedule.

5. Article 10 – Retirement Plan (see new contract language, page 7 of this document)

Article 10 of the CBA will be amended to provide as follows:

- On January 1, 2013, the basic pension benefit will be increased by \$2 for all years of Credited Service for all eligible employees on the active payroll on or January 1, 2013.
- On January 1, 2014, the basic pension benefit will be increased by \$2 for all years of Credited Service for all eligible employees on the active payroll on or after January 1, 2014.
- On January 1, 2015, the basic pension benefit will be increased by \$2 for all years of Credited Service for all eligible employees on the active payroll on or after January 1, 2015.
- On January 1, 2016, the basic pension benefit will be increased by \$2 for all years of Credited Service for all eligible employees on the active payroll on or after January 1, 2016.

6. Article 11 - Group Benefits (see group benefits highlight of proposed changes, separate pdf)
Article 11 of the CBA will be amended to provide for the Group Benefits set forth on Attachment A.

7. Incentive Plan

The parties agree that committing to employee engagement is an element of improving the Company's competitiveness and essential to meeting the objectives referenced above and ensuring mutual success. They have agreed to implement an Incentive Plan effective July 1, 2012 that focuses on improvements in productivity, quality, and safety. As a foundation to ensuring the needed improvements are made, the Company is committed to creating an environment of high employee engagement and involvement. The Incentive Plan will be consistent with Attachment B, which will provide a means by which bargaining unit employees will be financially rewarded if improvement thresholds are met. The Plan will be subject to all necessary approvals and will be administered in accordance with a separate Plan document. If the Incentive Plan is not implemented by July 1, 2012, Eligible Employees will receive a lump sum payment of 2% of Eligible Earnings for the period between July 1, 2012 and the date of implementation. If, after implementation, the Incentive Plan is terminated prior to September 8, 2016, Eligible Employees will receive a lump sum payment of 2% of Eligible Earnings during any Performance Period that includes or is after the termination date of the Incentive Plan and precedes the termination of this Agreement. The provisions of Article 19 of the CBA will not apply to any issue or dispute relating to the Plan.

8. Ratification Bonus (NOTE: The Company has agreed they will be able to pay the ratification bonus on the December 15 pay day, should the members ratify the agreement).

The Company agrees to pay a lump sum payment of \$5000.00 less applicable withholding, to employees who are covered by the CBA and on (a) the active payroll on the effective date of this Agreement (including a leave of absence of 90 days or less) or (b) approved military leave of absence pursuant to Section 6.6(b) of the CBA on the effective date of this Agreement, even if such military leave of absence is longer than 90 days. The lump sum payment will be paid within 30 days of the Effective Date of this Agreement.

9. Joint Union/Boeing Council

The Company and the Union will meet, on a monthly basis, to review and discuss key elements of the business and workforce including market and competition; performance including quality, safety, productivity, schedule and cost; product development and implications to the workforce; work transfer; overtime; and changes in the external environment impacting the Company. In reviewing productivity, the parties will also assess areas such as employee engagement/involvement, the job classification system, multiple machine operation, and the ability to utilize non-Boeing labor for certain types of work.

TENTATIVE AGREEMENT SIGNED this 29th day of November, 2011.

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO
THE BOEING COMPANY

By _____
Overall Boeing Coordinator
Aerospace Department

By _____
Senior Vice President
Human Resources and Administration

**AEROSPACE INDUSTRIAL
DISTRICT LODGE NO. 751,
IAM&AW, AFL-CIO**

By _____

**DISTRICT LODGE NO. W24,
IAM&AW, AFL-CIO**

By _____

**DISTRICT LODGE NO. 70,
IAM&AW, AFL-CIO**

By _____

SIDE LETTER REGARDING WORK PLACEMENT - NOVEMBER 29, 2011

Below is the side letter regarding work place that provides job security (as printed in the Union summary).

1. 737 Work Placement. The Union has inquired about the Company's intentions to place production work on the 737MAX program in Puget Sound. Independently, the Company has been undertaking a thorough review of the 737MAX program, including options for locating such work. The Company has assessed those options in light of the economics set forth in its proposal to extend the current Collective Bargaining Agreement for four years, and should those economics be achieved through a contract extension, the Company will locate the 737MAX production work in Puget Sound. With approval of the contract extension, the Company will produce the 737NG models and 737MAX models in Renton, to the extent such production can be feasibly completed in the current and existing 737 Renton production facilities. The fabrication work currently being performed by bargaining unit employees in support of the 737 production will be continued in their current and existing facilities in Puget Sound and Portland – again, to the extent such production can be feasibly completed in those current and existing facilities.

2. Wichita Tanker Work Placement. In the event the Company decides to place Tanker production work currently performed in its Wichita facilities (or work of a similar type) in a location other than Wichita, the Company agrees that such Wichita Tanker production work will be performed in the Company's current and existing facilities in Puget Sound.

3. P-8 Production Work Placement. The Company will continue production of the P-8 program in the Company's current and existing facilities in Puget Sound. The fabrication work currently being performed by bargaining unit employees in support of the P-8 production work in Puget Sound and Portland will be continued in their current and existing facilities in Puget Sound and Portland, to the extent such fabrication work

can be feasibly completed in those current and existing facilities.

4. Everett Wide-Body Airplanes. The Company intends to continue production of wide-body airplanes in its Everett facilities.

5. Supplier Warranty Work. The amount of supplier warranty work required to be performed on 787 aircraft in inventory at Everett (e.g., PlaneTech employees performing supplier warranty work), is higher than anticipated due to incomplete deliveries and engineering changes. It is the Company's intent to expeditiously reduce the amount of supplier warranty work at the Company's Everett facilities, with a target of having minimal on-site work not later than June 2013. The Company will inform the Union in the Joint Union/Boeing Council monthly meeting of plans and actions regarding supplier warranty work.

6. No Impact to Current Collective Bargaining Agreement. Except as expressly provided herein, nothing in this Side Letter supersedes or impacts any rights of the parties under the 2008-2012 Collective Bargaining Agreement and the 2012-2016 extension to the Collective Bargaining Agreement, including but not limited to Article 2 and Section 21.7. Nothing in this Side Letter will impact the Company's rights under Section 21.7 of the Collective Bargaining Agreement to make strategic work placement decisions associated with a condition of sale or market access, to subcontract or offload work due to lack of capability or capacity, to subcontract or offload work to prevent production schedule slippage, or to temporarily subcontract or offload work due to emergent short term needs.

7. Duration. This Side Letter will become effective on the date that the contract extension has been ratified by the bargaining unit members ("effective date") and shall remain in full force and effect until assembly of the 737MAX commences in Renton.

ARTICLE 6 - RATES OF PAY

6.3(b) GENERAL WAGE INCREASES. General wage increases will be granted as follows:

6.3(b)(1) Effective September 14, 2012, all employees on the active payroll on September 13, 2012, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.2(b) and then by application of a two (2) percent general wage increase.

6.3(b)(2) Effective September 13, 2013, all employees on the active payroll on September 12, 2013, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a two (2) percent general wage increase.

6.3(b)(3) Effective September 12, 2014, all employees on the active payroll on September 11, 2014, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a two (2) percent general wage increase.

6.3(b)(4) Effective September 11 2015, all employees on the active payroll on September 10, 2015, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a two (2) percent general wage increase.

The base rate maximums set forth in Section 6.2(a) shall be similarly increased on each date set forth above.

COST-OF-LIVING ADJUSTMENT (Updated COLA chart to include additional payouts noted).

6.4(b)(2) During the life of this Agreement, subject to the proviso stated below, a Cost of Living Adjustment shall be computed by using (1) 214.8 (the three-month average of the BLS Index for May, June and July, 2008) as the base and (2) the formula 1 cent = .075 percent change in the appropriate three-month average of the BLS Index, as shown in the table below:

Effective Date of Potential Adjustment	Based Upon the Average of the Three-Month BLS Consumer Price Indexes for
September 14, 2012	May, June, July 2012
December 7, 2012	August, September, October 2012
March 1, 2013	November, December 2012, January 2013
June 7, 2013	February, March, April 2013
September 13, 2013	May, June, July 2013
December 6, 2013	August, September, October 2013
March 14, 2014	November, December 2013, January 2014
June 6, 2014	February, March, April 2014
September 12, 2014	May, June, July 2014
December 5, 2014	August, September, October 2014
March 13, 2015	November, December 2014, January 2015
June 5, 2015	February, March, April 2015
September 11, 2015	May, June, July 2015
December 4, 2015	August, September, October 2015
March 11, 2016	November, December 2015, January 2016
June 3, 2016	February, March, April 2016

ARTICLE 7 HOLIDAYS

Section 7.1 Dates on Which Observed.

The following holidays shall be observed by the Company for the purposes set forth in this Article 7:

2012 Holidays	Day	Date of Observance
Thanksgiving Day	Thursday	November 22, 2012
Friday following Thanksgiving	Friday	November 23, 2012
Winter Break	Monday	December 24, 2012
Winter Break	Tuesday	December 25, 2012
Winter Break	Wednesday	December 26, 2012
Winter Break	Thursday	December 27, 2012
Winter Break	Friday	December 28, 2012
Winter Break	Monday	December 31, 2012
2013 Holidays	Day	Date of Observance
Winter Break	Tuesday	January 1, 2013
Memorial Day	Monday	May 27, 2013
Independence Day	Thursday	July 4, 2013
Labor Day	Monday	September 2, 2013
Thanksgiving Day	Thursday	November 28, 2013
Friday following Thanksgiving	Friday	November 29, 2013
Winter Break	Tuesday	December 24, 2013
Winter Break	Wednesday	December 25, 2013
Winter Break	Thursday	December 26, 2013
Winter Break	Friday	December 27, 2013
Winter Break	Monday	December 30, 2013
Winter Break	Tuesday	December 31, 2013
2014 Holidays	Day	Date of Observance
Winter Break	Wednesday	January 1, 2014
Memorial Day	Monday	May 26, 2014
Independence Day	Friday	July 4, 2014
Labor Day	Monday	September 1, 2014
Thanksgiving Day	Thursday	November 27, 2014
Friday following Thanksgiving	Friday	November 28, 2014
Winter Break	Wednesday	December 24, 2014
Winter Break	Thursday	December 25, 2014
Winter Break	Friday	December 26, 2014
Winter Break	Monday	December 29, 2014
Winter Break	Tuesday	December 30, 2014
Winter Break	Wednesday	December 31, 2014
2015 Holidays	Day	Date of Observance
Winter Break	Thursday	January 1, 2015
Memorial Day	Monday	May 25, 2015
Independence Day	Friday	July 3, 2015
Labor Day	Monday	September 7, 2015
Thanksgiving Day	Thursday	November 26, 2015
Friday following Thanksgiving	Friday	November 27, 2015
Winter Break	Thursday	December 24, 2015
Winter Break	Friday	December 25, 2015
Winter Break	Monday	December 28, 2015
Winter Break	Tuesday	December 29, 2015
Winter Break	Wednesday	December 30, 2015

Winter Break	Thursday	December 31, 2015
2016 Holidays	Day	Date of Observance
Winter Break	Friday	January 1, 2016
Memorial Day	Monday	May 30, 2016
Independence Day	Monday	July 4, 2016
Labor Day	Monday	September 5, 2016

ARTICLE 10 - RETIREMENT PLAN

NOTE: Current language as follows remains whether extension is ratified or not. Effective January 1, 2012, the Basic Benefit will be increased to \$83.00 per month for all years of credited service for employees on the active payroll of the Company, or those on an authorized period of absence on or after January 1, 2012 (including those who retire from the employ of the Company on January 1, 2012).

NEW LANGUAGE: 10.6(a) Basic Benefit. Effective January 1, 2012, the Basic Benefit will be increased to \$83.00 per month for all years of credited service for employees on the active pryoll of the Company, or those on authorized period of absence on or after January 1, 2012 (including those who retire from the employ of the Company on January 1, 2012).

On January 1, 2013, the Basic Benefit will be increased to \$85.00 per month for all years of Credited Service for all employees on the active payroll, or those on an authorized period of absence on or after January 1, 2013 (including those who retire from the employ of the Company on January 1, 2013).

On January 1, 2014, the Basic Benefit will be increased to \$87.00 per month for all years of Credited Service for all employees on the active payroll, or those on an authorized period of absence on or after January 1, 2014 (including those who retire from the employ of the Company on January 1, 2014).

On January 1, 2015, the Basic Benefit will be increased to \$89.00 per month for all years of Credited Service for all employees on the active payroll, or those on an authorized period of absence on or after January 1, 2015 (including those who retire from the employ of the Company on January 1, 2015).

On January 1, 2016, the Basic Benefit will be increased to \$91.00 per month for all years of Credited Service for all employees on the active payroll, or those on an authorized period of absence on or after January 1, 2016 (including those who retire from the employ of the Company on January 1, 2016).