



Questions and Answers from 11-18 Doug Kight Webcast

Health Care

Q: How often will monthly health care premiums be evaluated and potentially changed?

A: The designated no-contribution plan – the Traditional Medical Plan in Washington state; Kaiser Permanente in Oregon, in Cowlitz and Clark counties in Washington, and in California; and SelectHealth in Utah – will remain the no-contribution plan for the duration of the agreement. For other plans such as Select Network and Group Health in Washington, the 12 percent that employees will pay as their share of Boeing's health care cost will be calculated in conjunction with each enrollment period. The next enrollment period will be next spring.

Q: How much are deductibles increasing for the Traditional Medical Plan?

A. For an individual in the Traditional Medical Plan, deductibles are increasing to \$225 (or 0.225% of base salary) annually, up from \$200 today. For families of three or more, deductibles are increasing to \$675 (or 0.675% of base salary) annually, up from \$600 today. Items such as network office visits, prescription drugs, and routine preventive exams up to the \$500 maximum; cancer screenings such as a mammograms or colonoscopies are not subject to any deductible. Over the life of the agreement, these new deductible levels will stay constant. Details are available in the online contract summary at http://www.boeing.com/2008negotiations/pdf/speea_agreement.pdf.

Retirement

Q. What is the new basic retirement benefit? Why did you increase the basic benefit but not change the alternate formula?

A. The vast majority of SPEEA-represented employees will receive their pension benefit based on the alternate pension formula.

The basic pension benefit increases to \$81 per month for each year of service on Jan. 1, 2009 and to \$83 per month for each year of service on Jan. 1, 2012.

The alternate pension formula calculates benefits based on the employee's final average earnings prior to retirement, which means that your retirement benefit grows as earnings grow over time.

Q. What is the effective date of the new basic pension benefit?

A. Jan. 1, 2009.

Voluntary Layoff

Q: Does the voluntary layoff pilot project cover just BCA or are other business units also included?

A. The pilot as agreed to with SPEEA is intended to be for those in the represented unit, which includes BCA, IDS, SSG and EO&T employees, with the intent that we would most likely first use it here in the Puget Sound. Actual usage would depend upon whether there is a declared surplus. It would also be subject to Business Unit and Functional Skills management approval.

Non-Boeing Labor

Q. How does the agreement address the issue of non-Boeing labor?

A. Changes to the contract

- Recognize that Boeing's direct technical and engineering team is the foundation of our competitiveness.
- Recognize that it is in the best interest of the company, the union and employees to understand the nature of Boeing's business strategies and plans regarding the use of non-Boeing labor.
- Offers SPEEA timely opportunities to provide input on the use of non-Boeing labor.

Paid Time Off

Q. Was there a dialog around the use of non-industrial sick leave when a full day of leave is not required (e.g. medical appointments)?

A. There has been no change in the policy. Non-industrial sick leave remains in effect for partial-day absences such as medical appointments. Sick days are reserved for full-day absences.

Q. Is there any specific guidance in the contract addressing paid time off (PERBUS & NONIND) and the charging of overtime during the same day and or pay period?

A. There have been no changes to our policies around PERBUS; we have documented the policies currently in effect. There is no change to our guidance to managers in evaluating the use of overtime and time off.

Overtime

Q. Do represented employees have to work more than 144 hours in each quarter to qualify for the premium or only in one quarter for it to take affect for the year?

A. For members of the Professional Unit, during the period from Dec. 19, 2008, through Dec. 31, 2010, overtime worked in excess of 144 hours in each quarter will be compensated at a rate of straight time plus \$15 per hour for the hours worked above 144 hours in the same quarter. Each quarter is considered independently in calculating whether 144 hours of overtime have been worked. The current overtime practice continues for members of the Technical Unit.

Q. Boeing has already mandated that no one in the Professional Unit be required to work more than 144 hours of overtime in a quarter. Why is it necessary to add a premium?

A. In some specific circumstances such as when Boeing is in the development phase of new programs, engineers (Professional Unit) may be needed for more than 144 hours of overtime in a quarter and can volunteer to work the extra time.

Q. I understand that the \$15 overtime premium is for two years. Does the \$6.50 premium continue for the entire length of the 4 year contract?

A. Yes, the \$6.50 overtime premium for the Professional Unit continues for the life of the contract.

Q. Can you explain why the overtime increase to \$15 above 144 hours per quarter is extended only through the end of 2010?

A. In recognition of the extra effort and sacrifice that some employees have made during a period of unusually high demands from development programs, Boeing is offering to pay the additional \$15 overtime premium for all hours worked in excess of 144 hours per quarter through the end of 2010. We are hopeful the demands of these developmental programs will have subsided by then.

Vacation

Q: Will the vacation maximum payout extend over the life of the contract?

A. This vacation payout expires at the end of 2010. This improvement is meant to recognize SPEEA members who have reached the maximum vacation accrual but have been unable to take vacation because of their dedication to supporting Boeing's current business demands. As with the overtime premium for work above 144 hours in a quarter, we are hopeful the demands of Boeing developmental programs will have subsided by the end of 2010.

Q: How does Boeing's vacation package compare with the industry?

A. Boeing looks at its competitive position in relation to all types of paid time off including holidays, sick leave, vacation and personal time off. We are satisfied that the package we offer is very competitive.

Q: Is the vacation payout benefit applicable to both bargaining units?

A. Yes, both Technical and Professional unit SPEEA members are eligible for the vacation accrual improvement through the end of 2010.

Salary-adjustment Pool

Q: Why didn't Boeing adjust the COLA formula for SPEEA?

A. Under the current SPEEA contract, Boeing offers a cost-of-living adjustment (COLA) provision as a protection against hyperinflation. Also, Boeing bases its compensation to engineers and technical workers based upon market data and analysis. By definition, this market data reflects the salary impact of external forces such as inflation. Additionally, none of the private companies we've benchmarked offer their engineers a cost-of-living adjustment.

Q: The contract offer calls for annual salary adjustment funds of 5 percent, with each member of the Professional Unit guaranteed a 2 percent salary adjustment every year, and each member of the Technical Unit guaranteed a 2½ percent salary adjustment fund every year. Does Boeing distribute the entire salary adjustment fund among the bargaining units, or does Boeing only distribute the guaranteed amount?

A. Boeing distributes the full amount of the salary adjustment fund each year. While a small number of employees receive the guaranteed minimum adjustments, the vast majority of employees receive substantially larger salary adjustments based on their performance.

For example, the previous contract called for the Professional Unit to receive a 4 percent salary adjustment fund in 2008, with a guaranteed minimum of 1.5 percent. During the most recent salary adjustment exercise, 0.6 percent of employees in the Professional Unit received the minimum adjustment. However, 51 percent of employees in the Professional Unit – or 7,068 individuals – earned salary adjustments of 4.5 percent or greater.

Likewise, the previous contract called for the Technical Unit to receive a 4 percent salary adjustment fund in 2008, with a guaranteed minimum of 2 percent. During the most recent salary adjustment exercise, 3.0 percent of employees in the Technical Unit received the minimum adjustment. However, nearly 47 percent of employees in the Technical Unit – or 2,868 individuals – earned salary adjustments of 4.5 percent or more.

Q: Why wasn't SPEEA offered a lump sum bonus as part of the proposed contract?

A: In 2005, SPEEA negotiated participation in the Boeing Employee Incentive Plan. That provision was extended in the most recent contract offer.

Since participating in the EIP, SPEEA-represented employees have received 41 additional days of pay. This included:

- 14 days in 2006, which represented 5.4 percent of annual pay
- 12 days in 2007, which represented 4.6 percent of annual pay
- 15 days in 2008, which represented 5.8 percent of annual pay

Q: Will the financial impact of the recent IAM strike be considered in the calculation of the 2009 EIP payment?

A: EIP provides cash bonuses of between 1 and 20 days of additional pay to eligible employees if Boeing achieves annual economic profit objectives. These targets are established before the start of each calendar year as part of the business planning process.

The Board of Directors is expected to make a decision about the 2009 EIP payout in late January or early February 2009. More information about the plan is available on Boeing's internal Web at <http://eip.web.boeing.com/index.html>

Other

Q: Will all business units use Enterprise Skills Planning (ESP) to forecast non-Boeing labor?

A: Enterprise Skills Planning is a system in the process of being implemented across the enterprise. However, it is not yet fully implemented. ESP is intended to be a forecasting tool used by all skills teams and would include non-Boeing labor.