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Title: **Boeing Company and Society of Professional Engineering Employees in Aerospace (SPEEA) (2002)**

K#: **4055**

Employer Name: **Boeing Company**

Location: **WA Seattle**

Union: **Society of Professional Engineering Employees in Aerospace (SPEEA)**

Local:

SIC: **3721**

NAICS: **541710**

Sector: **P**

Number of Workers: **11274**

Effective Date: **12/02/02**

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12 # 4055

8,427 workers

Professional Unit

2002 - 2005

Collective Bargaining Agreement

between The Boeing Company and

Society of Professional Engineering Employees in Aerospace

corne

142 pages

COLLECTIVE BARGAINING AGREEMENT
between
THE BOEING COMPANY
and
SOCIETY of PROFESSIONAL ENGINEERING
EMPLOYEES in AEROSPACE
(Professional Bargaining Units)

Effective Date: December 2, 2002

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1 **COLLECTIVE BARGAINING AGREEMENT**

2
3 **Between**

4 **THE BOEING COMPANY**

5 **and**

6 **SOCIETY OF PROFESSIONAL ENGINEERING EMPLOYEES IN AEROSPACE**

7
8
9 THIS AGREEMENT is executed this 21st day of January, 2003, effective December 2, 2002, by and
10 between The Boeing Company, a Delaware corporation having its principal place of business in Seattle,
11 Washington (the "Company"), and Society of Professional Engineering Employees in Aerospace ("SPEEA"
12 or the "Union"). The Union is the bargaining agent for the collective bargaining units described in Article
13 1 and the parties intend that this Agreement apply separately and respectively to each unit as if a separate
14 Agreement had been executed as to each.

15
16 This agreement is a reflection of the parties' commitment to these shared values:

- 17
18 * To maintain a respectful, cooperative relationship.
- 19
20 * To work together to further the mutual success of both parties: positioning Boeing for continued
21 competitive success in the marketplace while enabling SPEEA to best represent and serve its members.
- 22
23 * To resolve issues, to the greatest extent possible, through a collaborative process, marked by open
24 communication and respect for each other's interests.

25
26 **ARTICLE 1**
27 **RECOGNITION**

28
29 **Section 1.1 Recognition.** For the purposes of collective bargaining with respect to rates of pay and other
30 conditions of employment, the Company recognizes the Union as the exclusive bargaining agent for the
31 following collective bargaining units:

32
33 1.1(a) All persons working in the Company's plants in the State of Washington, including
34 persons who are on travel status from such plants, who are classified by the Company in one of the
35 classifications listed in Article 11 and including those persons assigned (other than on travel status) at
36 Edwards AFB, California or Palmdale, California who are classified by the Company in one of the
37 classifications listed in Article 11.

38
39 1.1(b) All employees of the Company working in the Company's plants located in Weber and Davis
40 Counties, Utah, who are classified by the Company in one of the classifications listed in Article 11;
41 excluding all other employees, guards and supervisors as defined in the National Labor Relations Act.

42
43 1.1(c) All employees of the Company working in the Company's plants at the Boeing Atlantic Test
44 Center, Florida, who are classified by the Company in one of the classifications listed in Article 11;
45 consistent with the Certification of Representative issued August 7, 1972, by the National Labor
46 Relations Board in Case No. 12-RC-4117.

47
48 1.1(d) All employees of the Company working (other than on travel status) at the Company's Sandy
49 Boulevard plant in Portland, Oregon who are classified by the Company in one of the classifications
50 listed in Article 11; excluding all other employees, guards and supervisors as defined in the National
51 Labor Relations Act.

52
53 1.1(e) All professional engineering employees in the Company's Facilities and Safety, Health and
54 Environmental Affairs (SHEA) organizations in the greater Puget Sound region of Washington and in
55 Portland, Oregon; excluding all other professional employees employed in Facilities and SHEA, all
56 guards and supervisors as defined by the National Labor Relations Act, and all other employees.

ARTICLE 2
RIGHTS OF MANAGEMENT

Section 2.1 Rights of Management.

2.1(a) The terms and conditions of this Agreement are minimum and the Company shall be free to grant more favorable terms and conditions and to pay salary rates higher than the salary ranges shown in Article 11 to any employee.

2.1(b) The management of the Company and the direction of the workforce are vested exclusively in the Company subject to the terms of this Agreement. Without limitation, implied or otherwise, all matters not specifically and expressly covered or treated by the language of this Agreement may be administered for its duration by the Company in accordance with such policy or procedure as the Company from time to time may determine.

ARTICLE 3
GRIEVANCE PROCEDURE AND ARBITRATION

Section 3.1 Grievance and Arbitration Procedure. Grievances arising between the Company and its employees subject to this Agreement, or between the Company and the Union, with respect to the interpretation or application of any of the terms of this Agreement shall be settled according to the following procedure. Subject to the terms of this Article relating to cases of dismissal or suspension for just cause, or of involuntary resignation, only matters dealing with the interpretation or application of terms of this Agreement shall be subject to this grievance machinery.

Section 3.2 Employee Grievances.

3.2(a) Grievances on behalf of employees shall be handled as follows:

STEP 1. Oral Submission of Grievance to Supervisor. The employee and, at his or her option, a Union Representative shall contact the employee's supervisor and shall attempt to effect a settlement of the grievance. Such oral presentation shall be made within ten (10) workdays following the occurrence of the event giving rise to the grievance. The supervisor shall, within five (5) workdays thereafter, provide to the employee the answer to the grievance.

STEP 2. Oral Submission of Grievance to Major Organization Management. If the decision of the supervisor does not settle the grievance, the Union Representative shall within five (5) workdays subsequent to the receipt of the supervisor's answer contact the Human Resources Director, or designee, of the Major Organization in which the employee is assigned for the purpose of arranging a meeting to discuss the grievance. The meeting will be held within five (5) workdays following such request and shall be attended by the Union Representative and the employee and appropriate Company Representatives. The Company's answer to the grievance shall be made within ten (10) workdays following such meeting.

STEP 3. Written Submission of Grievance to Company Representative. If no settlement is reached, the Union Representative may immediately thereafter reduce a statement of the grievance to writing, which shall contain the following:

- (a) The detailed facts upon which the grievance is based.
- (b) References to the section(s) of the Agreement alleged to have been violated. (This will not be applicable in cases of dismissal or suspension for just cause, or of involuntary resignation.)
- (c) The remedy sought.

The Union Representative shall submit such written grievance to the designated Company Representative within five (5) workdays following receipt of the answer provided in Step 2 above. After such submission the designated Company Representative and the Union Representative may, within the next ten (10) workdays, meet and settle the grievance, and over their signatures indicate the disposition thereof. Otherwise, promptly after the expiration of such ten (10) day period they shall sign the grievance indicating that the grievance has been discussed and reconsidered by them and that no settlement has been reached, and the designated Company Representative will promptly thereafter confirm in writing to the Union Representative the denial of the grievance.

STEP 4. Arbitration. If no settlement is reached in Step 3 within the specified or agreed time limits, then either party may in writing, within ten (10) workdays thereafter, request that the matter be submitted to an arbiter for a prompt hearing as provided in 3.4 through 3.6.

3.2(b) Employees shall not be discharged or suspended without just cause. An employee shall have the right to appeal a layoff, discharge, suspension, or involuntary resignation by filing a written grievance through the Union, beginning at Step 3, with the designated Company Representative within ten (10) workdays after the date of such layoff, discharge, suspension, or involuntary resignation.

3.2(c) When the Union requests arbitration on behalf of bargaining unit employees who have been laid off, discharged, or suspended, or who have involuntarily resigned, the Company and the Union will exercise reasonable efforts to have the arbitration hearing within ninety (90) days of the request for arbitration.

Section 3.3 Union Versus Company and Company Versus Union Grievances. Grievances which the Union may have against the Company or the Company may have against the Union, limited as aforesaid to matters dealing with the interpretation or application of terms of this Agreement, shall be handled as follows:

3.3(a) Such grievances shall be submitted to the designated Company Representative or President of the Union, as the case may be, or to their designated representatives, within ten (10) workdays following the occurrence of the event giving rise to the grievance and shall contain the following:

- (1) Statement of the grievance setting forth in detail the facts upon which the grievance is based.
- (2) The section(s) of the Agreement alleged to have been violated.
- (3) The remedy sought.

3.3(b) The grievance shall be signed by the President of the Union or the designated Company Representative, as the case may be, or their designated representatives. If no settlement is reached within ten (10) workdays from the submission of the grievance to the designated Company Representative or the designated representative of the Union, as the case may be, both shall sign the grievance and indicate it has been discussed and considered by them and that no settlement has been reached and the party responding to the grievance will promptly confirm in writing to the other party the denial of the grievance. Within ten (10) workdays thereafter either party may in writing request that the matter be submitted to an arbiter for a prompt hearing as provided in 3.4 through 3.6.

3.3(c) No matter shall be considered as a grievance under this 3.3 unless it is presented to the designated persons within ten (10) workdays after occurrence of the last event on which the grievance is based.

Section 3.4 Selection of Arbiter - from Arbitration Panel. Contemporaneously with execution of this Agreement, the parties will agree upon a panel of five arbiters. The panel may thereafter be augmented upon the mutual agreement of the parties. Selection of an arbiter to hear a particular case shall be made from the panel on a rotating, alphabetical basis.

Section 3.5 Selection of Arbitrator – by Agreement. Nothing in 3.4 shall preclude the parties from mutually agreeing on an arbitrator to hear and decide a particular case.

Section 3.6 Arbitration – Rules of Procedure. Arbitration proceedings shall be in accordance with the following:

3.6(a) The arbitrator shall hear and accept pertinent evidence submitted by both parties and shall be empowered to request such data as the arbitrator deems pertinent to the grievance and shall render a decision in writing to both parties within sixty (60) days (unless mutually extended) of the completion of the hearing.

3.6(b) The arbitrator shall be authorized to rule and issue a decision in writing on the issue presented for arbitration, which decision shall be final and binding on both parties.

3.6(c) The arbitrator shall rule only on the basis of information presented in the hearing and shall refuse to receive any information after the hearing except when there is mutual agreement, in the presence of both parties.

3.6(d) Each party to the proceedings may call such witnesses as may be necessary in the order in which their testimony is to be heard. Such testimony shall be limited to the matters set forth in the written statement of the grievance. The arguments of the parties may be supported by oral comment and rebuttal. Either or both parties may submit written briefs within a time period mutually agreed upon. Such arguments of the parties, whether oral or written, shall be confined to and directed at the matters set forth in the grievance.

3.6(e) Each party shall pay any compensation and expenses relating to its own witnesses or representatives.

3.6(f) The Company and the Union shall, by mutual consent, fix the amount of compensation to be paid for the services of the arbitrator. The Union or the Company, whichever is ruled against by the arbitrator, shall pay the compensation of the arbitrator including necessary expenses.

3.6(g) The total cost of the stenographic record, if requested, will be paid by the party requesting it. If the other party also requests a copy, that party will pay one-half of the stenographic costs.

Section 3.7 Binding Effect of Award. All decisions arrived at under the provisions of this Article by the representatives of the Company and the Union, or by the arbitrator, shall be final and binding upon both parties, provided that in arriving at such decisions neither of the parties nor the arbitrator shall have the authority to alter this Agreement in whole or in part.

Section 3.8 Time Limitation as to Back Pay. Grievance claims regarding retroactive compensation shall be limited to thirty (30) calendar days prior to the written submission of the grievance to Company Representatives, provided, however, that this thirty (30) day limitation may be waived by mutual consent of the parties.

Section 3.9 Extension of Time Limits by Agreement. The time limits set forth in this Article are recognized by the parties as being necessary for prompt resolution of grievances. Reasonable extensions of these time limits may be arranged by mutual written agreement. If a decision is not rendered by the Company within the time limits established for Steps 1 and 2, Section 3.2, the Union may thereupon advance the grievance to the next step. Grievances not presented, or presented and not pursued, within the specified or mutually extended time limits will be considered waived.

Section 3.10 Conferences During Working Hours. All conferences resulting from the application of provisions of this Article shall be held during working hours.

Section 3.11 Signing Grievance Does Not Concede Arbitrable Issue. The signing of any grievance by any employee or representative of either the Company or the Union shall not be construed by either party

as a concession or agreement that the grievance constitutes an arbitrable issue or is properly subject to the grievance machinery under the terms of this Article.

Section 3.12 Jurisdictional Disputes. Any disputes where the Union contends either (1) that work performed by represented employees not within one of the units described in Article 1 should be performed by employees within one of said units, or (2) that represented employees not within one of the units described in Article 1 should be included within one of said units, shall not be subject to the grievance and arbitration provisions of Article 3. This Section 3.12 shall not apply to such disputes where the Union obtains the written consent of all other interested bargaining representatives to participate in and be bound by the decision of an arbitrator or panel of arbitrators.

ARTICLE 4 PERFORMANCE MANAGEMENT

Section 4.1 Performance Management Process. The Union and the Company agree that many factors contribute to employee performance. The Performance Management Process provides a method for employees and management to determine individual performance goals, assess performance against those goals and establish developmental plans to address performance needs or gain additional knowledge, skills and abilities as necessary.

4.1(a) Each employee and his or her supervisor will participate in periodic Performance Management discussions, which may be initiated by either party. Discussions should promote a mutual understanding of all factors that contribute to or are affected by performance, such as:

- job assignment and responsibilities;
- the effect of performance on opportunities for salary planning adjustments;
- the effect of performance, knowledge, skills and abilities on retention index;
- any education and/or significant experience gained by the employee and related to his or her career progress within the Company;
- any other assignments, skills, or classifications that the employee may be qualified to perform.

4.1(b) The Performance Management Process consists of four activities: setting goals, coaching and feedback, assessing performance and employee development.

4.1(b)(1) "Goal setting" consists of documenting current job responsibilities and establishing performance goals and measures. Goal setting activities will normally include established organizational performance values and will be completed within forty-five (45) calendar days of the beginning of the annual Performance Management cycle established by the Company.

4.1(b)(2) "Coaching and feedback" consists of ongoing events that provide valid, constructive, performance-based feedback related to goal attainment. Frequent and focused coaching interactions between employees and supervisors encourage further development of those employees who meet or exceed expectations, and helps those who are falling short identify and overcome impediments to their success.

4.1(b)(3) "Performance assessment" consists of an ongoing communication and assessment of previously defined job responsibilities, performance goals, measures and action plans. Assessment results from each review shall be recorded on the process form, and held by the reviewing supervisor or skill team captain. Employees are responsible for continuously updating their plan as accomplishments and goals are met between scheduled reviews with their supervisor.

4.1(b)(4) "Employee development" is a discussion and coaching process to help employees and supervisors develop/enhance the employee knowledge, skills and abilities so that current and future business objectives are met. Employee development provides employees and supervisors a unique opportunity to identify and discuss strengths that have been demonstrated on the job, as well as skills that can be enhanced to achieve current and future business performance. Additionally, it provides a feedback mechanism to support the development of skills and abilities so that each employee has the opportunity to develop personally and professionally, and ultimately improve the performance of the Company.

4.1(b)(4)a Each employee shall have at least one (1) interim review for coaching and feedback and one (1) performance assessment review during each twelve (12) month period. Employee and supervisor are encouraged to conduct additional interim reviews as often as appropriate.

4.1(b)(4)b In the final assessment review meeting, overall performance is assessed, summarized, and documented.

4.1(b)(4)c Performance Management sessions (goal setting and assessment reviews) shall be scheduled to maximize their utility in salary planning and retention index decisions.

Section 4.2 Performance Management Form. Forms used in the Performance Management Process shall be the same for all SPEEA-represented employees and consistent with the established processes used by the Company.

Section 4.3 Process Revision. The Performance Management process and utilization will be reviewed jointly in each year of this Agreement through the Joint Workforce Committee in accordance with Attachment 10. Changes to the Performance Management Process are subject to the approval of both parties.

ARTICLE 5 VACATION PLAN

Section 5.1 General. Reasonable time away from the job is conducive to good health and well being and is considered in the best interest of the employee and the Company. Each employee should have the opportunity to schedule and take vacation each year and thereby use their vacation credits, allowing adequate staffing for Company operations.

Section 5.2 Accumulation of Vacation.

5.2(a) Vacation credits are accrued daily and awarded weekly, with credits increasing on the basis of established increments as follows:

Company Service	Annual Vacation
1 thru 4 years	80 hours
5 thru 9 years	96 hours
10 and 11 years	120 hours
12 and 13 years	128 hours
14 and 15 years	136 hours
16 and 17 years	144 hours
18 years or more	160 hours

Company service date will be used to determine the credits to be awarded. Vacation credits may accumulate to a maximum of two (2) years of credit (as determined from above schedule). No additional vacation credits will be accrued until the number of credits in the account drops below the two (2) year maximum. Deviations to the two (2) year maximum accrual must be approved by the business unit Compensation organization.

Vacation credits will not be accrued in excess of ninety (90) calendar days on a leave of absence.

5.2(b) Part-time employees are awarded vacation credits in accordance with the above schedule on a pro-rata basis. Vacation credits will be prorated based on hours paid (excluding overtime and short-term disability leave payments).

5.2(c) Vacation accounts will be maintained to the nearest tenth of an hour unit.

Section 5.3 Use of Vacation Credits.

5.3(a) Subject to management approval based on Company work schedule requirements, previously awarded vacation credits may be used by the employee without limit. Management will encourage employee use of vacation for time off within the period credits are available. Use of vacation at times convenient to the employee will be arranged to the extent permitted by Company work schedule requirements.

5.3(b) Vacations are to be taken as time off and there will be no pay in lieu of time off.

5.3(c) Subject to 5.3(d), vacation credits must be used in units equal to the scheduled hours in the employee's normal workday.

5.3(d) Part-time employees normally will use vacation credits in amounts comparable to their part-time work schedules. However, subject to the scheduling requirements of his or her organization, a part-time employee may request and receive vacation in eight (8) hour increments.

5.3(e) Holidays occurring while an employee is on vacation are not deducted from vacation credits.

5.3(f) Payment for vacations will be made at the employee's base rate in effect at the time vacation is taken plus, if applicable, any supplement to the base rate approved by the Company for inclusion in vacation pay.

5.3(g) An employee on leave of absence is eligible to use vacation credits.

Section 5.4 Vacation Payment on Termination. An employee who terminates for any reason will be paid for all unused credits in his or her vacation account and all accrued vacation through the last day worked.

Section 5.5 Vacation Credits When Payroll Is Changed. In all cases involving the transfer of an employee from one payroll to another, the provisions of the Company's procedures pertaining to vacations, as may be revised from time-to-time by the Company, shall be applicable.

ARTICLE 6 SICK LEAVE, RESERVE ACCOUNT AND FINANCIAL SECURITY PLAN

Section 6.1 Establishment of Initial Eligibility for Sick Leave.

6.1(a) Employees classified on a salaried payroll become eligible for sick leave upon completion of one (1) month continuous active service with the Company.

6.1(b) When the continuity of employment is broken other than by layoff or termination to enter military service, an employee must begin with the date of reemployment to accumulate one (1) month continuous active service with the Company before being eligible for sick leave.

Section 6.2 Accumulation of Sick Leave.

6.2(a) On the first workday following completion of one (1) month of continuous active service, a full-time employee will be credited with eight (8) hours sick leave. Thereafter, he or she will accumulate eight (8) hours sick leave for each month of active service to a maximum of eighty (80) hours during the first and each succeeding year of service. For part-time employees, sick leave credits will be accumulated in the proportion that the hours worked bear to full-time hours, rounded to the nearest one-tenth hour unit.

6.2(b) In all cases involving the transfer of an employee from one payroll to another, the provisions of the Company's procedures pertaining to sick leave, as may be revised from time to time by the Company, shall be applicable.

6.2(c) No sick leave credit will be accumulated during periods on layoff or for absence in excess of the first ninety (90) calendar days on a leave of absence. Such absence from the active payroll will reduce the monthly sick leave award, if applicable, in the proportion of 1/30th of eight (8) hours for each calendar day of absence during the month, or a comparable proportionate reduction if a part-time employee, rounded to the nearest tenth of an hour.

6.2(d) Eligibility dates and accumulated sick leave credits established prior to this Agreement will not be changed as a result of this Agreement.

Section 6.3 Use of Sick Leave.

6.3(a) Sick leave credits are to be used only in the event of absence due to the following causes: (a) illness of employee, including physical incapacity of a female employee due to her pregnancy, (b) illness or death in the family (requiring the employee's presence), and (c) medical or dental appointment which can be scheduled only during the working hours.

6.3(b) Sick leave payments will be at the employee's base rate in effect at the time of his or her absence plus, if applicable, any supplement to the base rate approved by the Company for inclusion in sick leave pay.

6.3(c) Sick leave hours will be used from sick leave hours most recently credited.

6.3(d) Notwithstanding 6.3(a), sick leave credits may be used by an employee on leave of absence.

Section 6.4 Reserve Account.

6.4(a) Sick leave hours credited to the employee's Reserve Account and Financial Security Plan Trust Account on the effective date of this Agreement will not be changed as a result of this Agreement.

6.4(b) The maximum allowable amount in a full-time employee's combined Reserve Account and Financial Security Plan Trust Account will be 1,760 hours. An employee who is rehired or reinstated after having been paid for his or her Reserve Account or Financial Security Plan Trust Account will be eligible for transfer of credits to his or her Reserve Account as if he or she were a new employee.

6.4(c) On each eligibility date of a full-time employee on the active payroll, up to forty (40) hours of sick leave awarded during his or her preceding eligibility year, less any sick leave hours used in excess of forty (40) hours during that eligibility year, will be transferred to his or her Reserve Account, subject to the "maximum allowable amount."

For a part-time employee on the active payroll, the amount of previously awarded and unused sick leave credits transferred to the Reserve Account on each eligibility date will be in the proportion the employee's actual total hours of work bear to full-time hours during the qualifying period.

6.4(d) An employee off the active payroll due to leave of absence, layoff, or military service will, upon return from leave or upon reinstatement from layoff or military service with reemployment rights, have transferred to his or her Reserve Account such sick leave credits as would normally have been transferred had the employee returned to the active payroll on his or her first sick leave eligibility date following the employee's last day on the active payroll.

6.4(e) At the time an employee who has hours credited to his or her Reserve Account is terminated for any reason, payment shall be made for those hours credited to his or her Reserve Account at the employee's then current base rate.

6.4(f) Credits in an employee's Reserve Account will be converted in accordance with the Financial Security Plan and placed in an individual Financial Security Plan Trust Account as provided for in the Financial Security Plan.

Section 6.5 Financial Security Plan.

6.5(a) **Continuation of Plan.** Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of 6.5(d), a Financial Security Plan (the "Plan") in the form as now in effect as to the employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions and limitations of the Plan.

6.5(b) **Approval of Plan.** Approval of the Plan by the Commissioner of Internal Revenue as referred to in 6.5(a) means a continuing approval sufficient to establish that the Plan and related trust(s) are at all times qualified and exempt from income tax under Section 401(a) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 6.5(a) include, without limitation, the Department of Labor and the Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

6.5(c) **Continuation Beyond Agreement.** The Company shall not be precluded from continuing the Plan in effect as to employees within these units to which this Agreement relates, after expiration or termination of this Agreement, subject to the terms, conditions, and limitations of the Plan.

6.5(d) **Changes to the Current Plan.** Subject to action by the Company's Board of Directors and to the approvals specified in 6.5(b), all provisions of the plan are to remain unchanged with the exception of the following amendments:

6.5(d)(1) **Maximum Allowable Hours.** The maximum allowable amount in a full-time employee's combined reserve account and Financial Security Plan Trust Account will be increased 120 hours to 1,760 hours.

6.5(d)(2) **Effective Date of Amendment.** The amendment set forth in 6.5(d)(1) above shall take effect December 2, 2002.

Section 6.6 Unreserved Sick Leave Credits. Upon retirement under the Company's retirement plan or upon layoff or death while retirement eligible, employees will receive payment for fifty (50) percent of their unreserved sick leave credits remaining on the date of retirement, layoff, or death. Such credits will be paid at the employee's then-current base rate, subject to a maximum rate that is established from time-to-time by the Company for all salaried employees.

ARTICLE 7 HOLIDAYS

Section 7.1 Dates on Which Observed. The following holidays will be observed by the Company during the term of this Agreement:

2002

Holidays	Date of Observance
Winter Break	Tuesday
Winter Break	December 24, 2002
Winter Break	Wednesday
Winter Break	December 25, 2002
Winter Break	Thursday
Winter Break	December 26, 2002
Winter Break	Friday
Winter Break	December 27, 2002
Winter Break	Monday
Winter Break	December 30, 2002
Winter Break	Tuesday
Winter Break	December 31, 2002

2003

Holidays	Date of Observance
New Year's Day	Wednesday
New Year's Day	January 1, 2003
Memorial Day	Monday
Memorial Day	May 26, 2003
Independence Day	Friday
Independence Day	July 4, 2003
Labor Day	Monday
Labor Day	September 1, 2003
Thanksgiving Day	Thursday
Thanksgiving Day	November 27, 2003
Friday following Thanksgiving	Friday
Friday following Thanksgiving	November 28, 2003
Winter Break	Wednesday
Winter Break	December 24, 2003
Winter Break	Thursday
Winter Break	December 25, 2003
Winter Break	Friday
Winter Break	December 26, 2003
Winter Break	Monday
Winter Break	December 29, 2003
Winter Break	Tuesday
Winter Break	December 30, 2003
Winter Break	Wednesday
Winter Break	December 31, 2003

2004

Holidays	Date of Observance
New Year's Day	Thursday
New Year's Day	January 1, 2004
Memorial Day	Monday
Memorial Day	May 31, 2004
Independence Day	Monday
Independence Day	July 5, 2004
Labor Day	Monday
Labor Day	September 6, 2004
Thanksgiving Day	Thursday
Thanksgiving Day	November 25, 2004
Friday following Thanksgiving	Friday
Friday following Thanksgiving	November 26, 2004
Winter Break	Friday
Winter Break	December 24, 2004
Winter Break	Monday
Winter Break	December 27, 2004
Winter Break	Tuesday
Winter Break	December 28, 2004
Winter Break	Wednesday
Winter Break	December 29, 2004
Winter Break	Thursday
Winter Break	December 30, 2004
Winter Break	Friday
Winter Break	December 31, 2004

2005

Holidays	Date of Observance
New Year's Day	Monday
New Year's Day	January 3, 2005
Memorial Day	Monday
Memorial Day	May 30, 2005
Independence Day	Monday
Independence Day	July 4, 2005
Labor Day	Monday
Labor Day	September 5, 2005
Thanksgiving Day	Thursday
Thanksgiving Day	November 24, 2005
Friday following Thanksgiving	Friday
Friday following Thanksgiving	November 25, 2005

For the period following Friday, November 25, 2005, through the remaining effective period of this Agreement, the holidays to be observed under the terms of this Article shall be those holidays scheduled and observed by the Company.

Section 7.2 Holiday Practices. Practices relating to the observance of the holidays referred to above will be administered in accordance with the established procedures of the Company.

Section 7.3 Employees Prevented from Working Because of Local Holidays. Employees assigned to a non-Company facility who are prevented from working their assigned work period because a holiday not listed in this Article is recognized at the facility shall be paid for such assigned shift unless the Company, at its option, modifies the work schedule for the week in which the holiday falls so that the employees are able to work a full work week. In all cases, hours worked on scheduled days of rest will be treated as scheduled overtime under 11.3(b).

ARTICLE 8 WORKFORCE ADMINISTRATION

Section 8.1 Employees to Whom This Article is Applicable.

8.1(a) This Article, subject to 8.8(c), applies and refers separately to employees within each of the four bargaining units described in Article 1, except that (1) the provisions of Article 8 shall be applied separately to Edwards AFB, California and Palmdale, California combined, and (2) an employee at Edwards AFB or Palmdale who has transferred to either California assignment from a SPEEA-represented position in Washington will be treated for purposes of eligibility for retention at Washington as though surplusd from the Major Organization with which the employee was identified immediately prior to transfer to Edwards AFB or Palmdale and in accord with the retention provisions of this Agreement.

8.1(b) The provisions of 8.6 will not apply to employees placed on travel status by the Company, and such employees will not be laid off while on such status.

8.1(c) The terms "employee" or "employees" wherever used in this Article will be subject to the foregoing limitations.

Section 8.2 Objective. The general objective of the procedure stated in this Article is to provide for the accomplishment of workforce reductions for business reasons, to the end that, insofar as practicable the reductions will be made equitably, expeditiously and economically, and at the same time will result in retention on the payroll of those employees regarded by management as comprising the workforce that is best able to maintain or improve the efficiency of the Company, further its progress and success and contribute to the successful accomplishment of the Company's current and future business. The location, occurrence and existence of any condition necessitating a workforce reduction, and the number of employees involved, will be determined exclusively by the Company. Following such determination, the Company will notify the Union of the location and the estimated size and job family and skills management code(s) involved in the anticipated workforce reduction. Wherever practicable, affected employees will be given two (2) weeks' notice prior to layoff.

It is recognized by both parties that it is necessary to work certain skills management coded employees overtime while at the same time workforce reductions involving the same skills management codes will be taking place. Management will review the use of overtime in any skills management code in which layoffs are contemplated with the intent of minimizing the use of such overtime. Management, at its sole discretion, will determine the level of overtime to be worked.

Section 8.3 Terminology for Use in Procedure. Preliminary to, and as affording information necessary to the application of the procedures stated in 8.6, employees will be classified in two ways:

8.3(a) Management periodically will make a comparative rating of each employee as provided in 8.4. The individual rating will be referred to as a "retention rating," and the process of applying these ratings and compiling them in order of rating, as "retention indexing." Similar usage of these terms

is made herein. A retention index review will be held at least three (3) times during the term of this Agreement and not less frequently than once each twelve (12) months following the execution date of this Agreement, with the precise intervals to be determined by the Company.

8.3(b) Each employee will be assigned a job family and skills management code (SMC) as provided in 8.5.

8.3(c) The term "Major Organization" as used in this Article will mean a major organizational element of the Company reporting to the Chief Executive Officer of the Company or identified as such by the Chief Executive Officer of the Company. The units described in 1.1(b), 1.1(c), and 1.1(d), although not identified as Major Organizations, will be administered as such, with the exception of 8.6(c). The Company shall provide to the Union in writing an up-to-date list of Major Organizations and advise the Union as soon as practicable of changes made thereto.

Section 8.4 Retention Indexing/Rating. The comparative rating required by 8.3(a) will be accomplished as herein described. Retention ratings assigned to employees prior to the execution date of this Agreement will remain in effect until changed under provisions of this Article.

8.4(a) Management will assign a retention rating by SMC to each employee to whom this Article applies, with the basic objective of identifying those employees who, in the opinion of management, are best able to maintain or improve the efficiency of the Company, further its progress and success and contribute to the successful accomplishment of the Company's current and future business. Consistent with this objective, management will consider each employee's competence, diligence and demonstrated usable capabilities based upon the employee's current performance and a review of the employee's previous performance. Employees on part-time work schedules as defined in Attachment 17 will be retention indexed with employees on full-time work schedules. Length of Company service will be a positive factor to the extent that the experience so gained continues to be reflected in increased capability.

8.4(b) Subject to 8.4(c) and 8.4(d), retention indexing will result in each employee being rated in one of three (3) categories, hereinafter referred to as R1, R2 and R3.

8.4(c) It is recognized that any practical process of retention indexing cannot be completely free of error as to method used or as to resulting retention ratings, taking into account: the large numbers of employees, skills, organizations, and requirements involved; the fact that numerous management representatives necessarily must participate in the process; and the additional facts that professional employees are involved and many of the factors that must be dealt with in the process are intangible in nature. The Company will determine the retention rating of each employee, the times at which such ratings will be assigned, the members of management who will determine ratings or participate in the indexing process, the groupings to be utilized and the other mechanics and details of such process. The Company will instruct and periodically will reinstruct members of management participating in the process to assign retention ratings with the greatest possible care and objectivity, giving full consideration to the objectives stated in 8.2. Such instructions will stress that retention indexing is to be accomplished without regard to potential adjustments for Company service as provided for in 8.4(e).

8.4(c)(1) Retention Rating Appeals. The retention indexing process will not be subject to the grievance procedure; however, an employee who feels the assigned retention rating is inappropriate may at any time discuss the matter with his or her immediate supervisor. If within thirty (30) calendar days following notification of the assigned retention rating, the employee elects to appeal the rating, and discussion with the immediate supervisor has not resolved the employee's concern, certain ratings may be appealed for further review as provided below:

8.4(c)(1)a The assigned retention rating represents a one (1) or more position drop from the previous assigned rating and it is substantiated that the drop is not due to the effect of a workforce reduction and/or consolidation of retention index groups.

1 **8.4(c)(1)b** The employee has retained in the same skill code and been assigned a retention
2 rating of R3 during four (4) or more consecutive retention reviews.

3
4 **8.4(c)(1)c** The employee so affected will address his or her concerns in writing to the Union
5 setting forth the basis for such appeal.

6
7 **8.4(c)(1)d** If the Union believes the employee's appeal warrants further review, the Union
8 will notify the Senior Workforce Manager of the applicable Major Organization within ten
9 (10) workdays of receipt of the employee's appeal.

10
11 **8.4(c)(1)e** Within ten (10) workdays following such notice, a Skill Team/Functional
12 Human Resources Representative (not previously involved in the assignment or appeal of the
13 retention rating), the appropriate organization's Human Resources Representative and a
14 Union Representative will meet to resolve the appeal. Pertinent information may be
15 obtained from the employee, the immediate supervisor, and/or the management captain for
16 this meeting.

17
18 **8.4(c)(1)f** The parties identified in 8.4(c)(1)e, above, will resolve the appeal by majority
19 decision at the meeting or within five (5) workdays thereafter. In the event the Union
20 considers the decision to be inappropriate to the facts of the case, the Union may advance its
21 appeal to the Senior Workforce Manager for the Major Organization. Such resolution by
22 majority decision or by decision of the Senior Workforce Manager will be final and binding
23 and will conclude the appeal process.

24
25 **8.4(c)(1)g** If the result of an appeal over a two (2) position drop in retention rating level is
26 in favor of the employee, one of the following options may be selected as determined by
27 Company and Union representatives:

- 28
29 • Restoration to the previous retention rating of R1, or
30
31 • Modification of the assigned retention rating to R2.

32
33 **8.4(d) Distribution.** Each employee will be assigned a retention rating such that, as nearly as is
34 mathematically practicable, the retention rating distribution is R1 - 38 to 42%, R2 - 38 to 42% and
35 R3 - 18 to 22%. Employees classified as Technical Fellows and Associate Technical Fellows shall not
36 be subject to those distribution requirements.

37
38 Since personnel transactions will occur subsequent to each periodic review, it shall not be necessary to
39 maintain this distribution during intervals between periodic reviews.

40
41 **8.4(e)** As a part of each periodic retention index review, and immediately following completion
42 of the distribution procedure set forth in 8.4(d), adjusted retention ratings will be assigned in
43 compliance with the following:

44
45 Employees with twenty (20) or more but less than thirty (30) years of Company service who are rated
46 R3 will be adjusted to an R2 retention rating. Employees with thirty (30) or more years of Company
47 service who are rated R2 or R3 will be adjusted to an R1 retention rating. Such adjustments will be
48 reflected in the written notification to each employee described in 8.4(f). (Employees who reach the
49 aforementioned Company service dates between periodic retention indexings will have their assigned
50 retention ratings adjusted accordingly.) Notwithstanding the above adjustments, management shall
51 be obligated to protect employees with an assigned R1 retention rating from being laid off ahead of
52 employees with an adjusted R1 retention rating in the same job family and skills management code.
53 Employees designated pursuant to the process described in the Letter of Understanding entitled
54 "Designated Employees" (Attachment 14) for two (2) consecutive retention index reviews will not be
55 eligible for service adjustments upon receipt of the second designation. Such employees may appeal
56 their designation using the process described in 8.4(c)(1).

8.4(f) Management will provide each employee with written notification of his or her new periodic retention rating not later than the effective date of the new periodic retention indexing, except where such a schedule is made impractical due to the unavailability of the employee or the supervisor occasioned by vacations, travel assignments, etc. In addition, management will offer to discuss the new retention rating with employees. The written notification will contain that employee's:

8.4(f)(1) Job family and skills management code

8.4(f)(2) Skill Team Captain or Functional manager's name

8.4(f)(3) Retention rating prior to and following any adjustment under 8.4(e), effective date, and the number of employees in each of the three (3) retention groups as adjusted under 8.4(e) within the employee's job family and skills management code and Major Organization.

8.4(g) Prior to January 1, 2004, an employee hired into a unit who has less than two (2) years of directly applicable work experience will be assigned a job family and skills management code and an R3 retention rating at time of entry. The job family and skills management code and retention rating will apply until such time as management determines it is able to evaluate the employee's capability, and elects to assign the employee a new job family and skills management code and/or retention rating. Effective January 1, 2004, an employee hired into a unit who has less than two (2) years of directly applicable work experience will be assigned a job family and skills management code. Such employees (hired into a unit after January 1, 2004) will not be included in or subject to the retention index review and will not be assigned a retention rating until (1) management is able to evaluate the employee's capability and elects to assign the employee a retention rating, or (2) a period of twelve (12) months from the employee's date of hire into the unit, whichever occurs first.

8.4(h) An employee who returns to active employment from layoff status will retain the job family and skills management code and retention rating held at time of layoff until such time as management is able to evaluate the employee's capability and elects to assign the employee a new retention rating.

8.4(i) An employee transferred between the bargaining units described in 1.1(a), 1.1(b), 1.1(c), and 1.1(d) will be regarded as having the retention rating held immediately prior to the transfer, until such time as management is able to evaluate the employee's capability and elects to assign the employee a new retention rating.

8.4(j) Employees entering a unit other than as described in 8.4(g), 8.4(h) and 8.4(i), and those employees whose job family and skills management codes are changed, will receive new retention ratings within the six-month period following the date of such entrance or change. Prior to receiving the new ratings, employees whose job family and skills management codes were changed will be regarded as having the retention ratings held immediately prior to the job family and skills management code change.

Section 8.5 Job Family and Skills Management Code. Job family and skills management codes will be assigned as follows:

8.5(a) A job family and skills management code will be assigned each employee by management following discussion with the employee regarding their knowledge, skills and abilities as they relate to their current assignment. This job family and skills management code defines the employee's current assignment and not necessarily the employee's highest skill. Upon assignment by management, the employee will have the opportunity to acknowledge receipt on the Company provided form. Employee job classifications and skills management codes may be challenged pursuant to Article 22.5(d).

Section 8.6 Redeployment Procedures. Subject to 8.6(e), 8.6(f) and 8.7 and the applicable provisions of Article 9, the scope of which sections is in no way limited or affected by 8.6(a), 8.6(b), 8.6(c), and 8.6(d), the procedure for handling workforce reductions will be as follows:

8.6(a) When a workforce reduction is determined by management to be necessary within one or more job family and skills management codes in a Major Organization, management will designate for layoff the required number of employees in the Major Organization within such job family and skills management codes with R3 retention ratings. Exceptions to the designation for layoff of R3 rated employees may be made by the Company, where it desires to retain certain R3 rated employees in such job family and skills management codes in the Major Organization, as long as the number of R3 rated employees so retained in each affected job family and skills management code in the Major Organization does not exceed 10% or one (1) employee, whichever is greater, of the number of employees rated R3 in the Major Organization within the job family and skills management code at the most recent periodic retention indexing.

8.6(b) If, after application of the procedures and exceptions stated in 8.6(a), a necessity for workforce reduction continues to exist in any such job family and skills management codes in the Major Organization, management will designate for layoff the required number of employees in the Major Organization within such job family and skills management codes with R2 retention ratings. Exceptions to the designation for layoff of R2 rated employees may be made by the Company, where it desires to retain certain R2 rated employees in such job family and skills management codes in the Major Organization, as long as the number of R2 rated employees so retained in each affected job family and skills management code in the Major Organization does not exceed 10% or one (1) employee, whichever is greater, of the number of employees rated R2 in the Major Organization within the job family and skills management code at the most recent periodic retention indexing.

Further rounding under 8.6(a) and 8.6(b) is permitted within the following parameters:

- 1 to 14 employees = one (1) employee may be subject to the 10% exception;
- 15 to 24 employees = two (2) employees may be subject to the 10% exception;
- 25 to 34 employees = three (3) employees may be subject to the 10% exception; etc.

8.6(c) If, after application of the procedures and exceptions stated in 8.6(b), a necessity for workforce reduction continues to exist in any such job family and skills management codes in the Major Organization, the reduction will be accomplished by transferring a sufficient number of the assigned R1 retention rated employees as selected by management in the Major Organization within such job family and skills management codes to another Major Organization(s) within the same labor market area, thereby displacing R3 rated employees in such job family and skills management codes in the latter Major Organization(s) who will in turn be designated for layoff. Then, to the extent necessary, R2 rated employees in such job family and skills management codes in the latter Major Organization(s) will be displaced and designated for layoff. The latter Major Organization(s) will have the right to retain in each affected job family and skills management code not to exceed 20% of its R3 rated employees in each such job family and skills management code and not to exceed 40% of its R2 rated employees in each such job family and skills management code. To determine the number of employees that may be retained by the latter Major Organization(s), these percentages are to be applied respectively to the number of R3 rated employees and R2 rated employees that were within the particular job family and skills management code in the latter Major Organization(s) at the most recent periodic retention indexing.

8.6(d) If, after application of the procedures and exceptions stated in 8.4(e), 8.6(a), 8.6(b), and 8.6(c) if applicable, a necessity for workforce reduction continues to exist in any of the job family and skills management codes in the Major Organization where the reduction originated, the Company will have the right to select, designate and lay off any of the remaining employees in the affected job family and skills management codes within the units described in 1.1(a), 1.1(b), 1.1(c), and 1.1(d) irrespective of their retention rating, Major Organization or any other factor.

8.6(e) The Company may lay off employees from the unit without regard to the provisions of this procedure, provided the number of such layoffs per month does not exceed 0.25% (one quarter of one percent) of the total number of employees employed in the bargaining unit on the first day of that month.

8.6(f) Nothing in this Article is intended to preclude management from using other actions, such as employee transfers, reclassifications, reassignments or combinations thereof which are not inconsistent with the terms and conditions governing such actions as may be set forth in this Agreement, in order to avoid or reduce the necessity to initiate or carry out workforce reductions.

8.6(g) Employees designated by the Company for special training in programs approved by the Major Organization Director of Human Resources will be assigned a unique skills management code in accordance with the Letter of Understanding entitled "Retraining Skill Transition" (Attachment 26).

8.6(h) Employees laid off after refusing less than equivalent job offers made as a result of redeployment activities will be considered involuntary layoffs and will be eligible for layoff benefits as defined in Article 21.

8.6(i) During periods of surplus activity, the Company may make available programs intended to mitigate the impact of layoffs. The Company will advise the Union of these programs and their availability.

Section 8.7 Exceptions to Foregoing Procedures. In instances where, in the opinion of management, the foregoing procedures contained in this Article do not achieve the Company objectives stated in 8.2, exceptions hereto, without any limitation as to number, may be made when approved by the Chief Executive Officer of the Company, or designated representative. It will be the responsibility of any supervisor who recommends such an exception to prepare and transmit through the line organization to the Major Organization Manager and then to the Office of the Chief Executive Officer of the Company, or designated representative, a detailed report of the proposed exception(s) and the reasons therefor. An explanation prior to implementation will be provided to the Union.

Section 8.8 General Provisions.

8.8(a) **Compensable Injuries.** Any employee who has been wholly or partially incapacitated for that employee's regular work by compensable injury or compensable occupational disease while in the employ of the Company may, while so incapacitated, be employed in his or her bargaining unit in work which the employee can do without regard to the provisions of this Article. The Union shall be notified of all persons to whom this waiver applies and the effective dates of such waiver.

8.8(b) **Veterans.** The Company and the Union, recognizing that the rights of employees entering or inducted into the Armed Forces of the United States to reemployment by the Company, and the Company's obligation to these employees, are the subject matter of legislation, agree that nothing contained in this Agreement will preclude the Company from reemploying such employees in compliance with the provisions of applicable laws.

8.8(c) **Transfer Return Rights.** An employee who is transferred by the Company from one of the units described in Article 1 to another, and at the time of such transfer is accorded return rights by the Company in writing, will not be laid off while assigned at such other unit, but will be transferred back to the original unit in accordance with the return rights previously accorded by the Company. An exception will be made if the employee elects to be laid off, in which case the employee will waive transfer return rights.

8.8(d) **Employee Requests for Transfer.** The Company will maintain an environment in which employees can make known their interest in transferring to other positions for which they are qualified to perform and which may satisfy their personal needs. A job posting and transfer process will be maintained which will allow employees, without fear of reprisal, to make application for transfer and receive consideration as a candidate for open positions for which they are qualified. All employees, including those involved in surpluses, shall have full access to the jobs at Boeing process. The Company will provide the Union with a copy of the request for transfer procedure and any changes thereto.

1 **8.8(e) Hiring of Employees on Part-Time Work Schedules.** The Company will not hire new
2 employees into the bargaining unit on part-time work schedules and will not normally approve
3 part-time work schedules for employees with less than two (2) years of Company service; provided,
4 however, that the Company may rehire retirees on part-time schedules. Approval of part-time work
5 schedules may be revoked at any time at management's discretion.
6

7 **Section 8.9 Layoff Status and Return to Active Employment.**

8
9 **8.9(a) Maintenance of Layoff Status.**

10
11 **8.9(a)(1)** Each employee laid off under the provisions of this Article will remain on layoff
12 status for a total period of three (3) years from the date the layoff was effective, subject to
13 8.9(a)(2).
14

15 **8.9(a)(2)** An employee shall remain on layoff status in accordance with 8.9(a)(1), provided he or
16 she does not:
17

18 **8.9(a)(2)a** Reject consideration for employment; for example, fail to respond to a Company
19 contact, letter of interest, or a formal offer from the Company of a job within ten (10)
20 workdays after such contact by the Company or by such later date as may be stipulated by
21 the Company, or
22

23 **8.9(a)(2)b** Refuse a formal offer from the Company for a full-time job in the same labor
24 market area from which laid off, for which the salary offered is equal to or greater than the
25 employee's salary at the time of layoff plus any intervening general wage increases, or
26

27 **8.9(a)(2)c** Fail to report to work within ten (10) workdays following acceptance of a formal
28 Company offer or on such later date as may be stipulated in the Company offer, or
29

30 **8.9(a)(2)d** Elect retirement under the Company Retirement Plan thereby removing
31 themselves permanently from layoff status.
32

33 **8.9(a)(3)** Employees removed from layoff status for any reason other than retirement or
34 expiration of the three-year period following layoff will be notified in writing of such removal,
35 and the reasons therefor, by the Company.
36

37 **8.9(a)(4)** Laid-off employees who are prevented from meeting the conditions described in
38 8.9(a)(2)a, 8.9(a)(2)b, 8.9(a)(2)c, or 8.9(b)(4) solely due to medical disability, verified to the
39 Company's satisfaction by their personal physician, shall upon request be granted a waiver for the
40 missed requirement(s).
41

42 **8.9(b) Return to Active Employment.**

43
44 **8.9(b)(1)** It is a mutual objective of the Company and the Union that laid-off employees who
45 have not been determined ineligible under 8.9(b)(3), 21.3(a), or the Letter of Understanding
46 entitled "Designated Employees" (Attachment 14) be recalled to active employment, and a
47 mutual desire that such recall into the Major Organization from which the employee was laid off
48 be offered in approximate reverse order of layoff. Accordingly, employees on file for recall
49 pursuant to 8.9(b)(4) will be offered return to active employment within the applicable job
50 family and skills management code, in approximate reverse order of lay off, prior to workforce
51 additions from sources external to the Company, subject to the following limitations:
52

53 **8.9(b)(1)a** Nothing in 8.9 will preclude the Company from hiring from sources outside the
54 Company when projected requirements exceed the number of employees in applicable job
55 family and skills management codes on file pursuant to 8.9(b)(4) who are eligible for an offer
56 of recall.

8.9(b)(1)b In making recall and hiring decisions, the Company will review the specific qualifications of individuals on the basis of product familiarity, specialized experience or education, customer requirements and the need to achieve the most efficient and accurate match of individual capabilities to job requirements. Consequently, not all Company decisions relating to recall and hiring can promote the mutual objective and desire stated above. Such decisions will not be subject to Article 3.

8.9(b)(2) The Company periodically will review with the Union the operation of 8.9(b)(1) in order to facilitate achievement of the mutual objective and desire stated above.

8.9(b)(3) Prior to layoff the Company will review employees to determine eligibility for reemployment consideration under 8.9(b)(1). The review will be limited to those employees for whom there is supporting documentation of performance deficiencies and/or a pattern of unacceptable conduct. The review will be performed by the cognizant Skill Team Captain for the employee's job family and skills management code. Based on the review the employee will be advised no later than the time layoff notice is issued as to his or her eligibility for reemployment consideration under 8.9(b)(1). An employee determined ineligible may appeal such determination to the cognizant Skill Team Captain. If the appeal does not resolve the matter, the employee may then file a grievance in accordance with Article 3. Such grievance shall be limited to the first three steps of the grievance procedure and shall not be subject to arbitration.

8.9(b)(4) Within forty-five (45) days of layoff, the employee must file for priority consideration return to active employment. The Company will maintain a list of the names of all laid-off employees, except those determined ineligible under 8.9(b)(3), those who have received layoff benefits as a lump sum under 21.3(a), and those identified under the Letter of Understanding entitled "Designated Employees" (Attachment 14). In order to maintain such recall status, the employee must keep the Company informed of his or her interest in returning to active employment by submitting a letter so stating. The employee must register by letter once each consecutive calendar half-year period (January through June; July through December) during the three-year period from the date of layoff. Registration letters must be received within forty-five (45) days prior to the expiration of the current half-year period and must contain the individual's name, social security number, address, and telephone number. Individuals who do not properly register in each calendar period will be removed from the priority consideration eligibility list. Failure to register properly will result in priority consideration eligibility being revoked for the remainder of the three-year period. Eligible employees on file for return to active employment are subject to the provisions of 8.9(a).

8.9(b)(5) If any employee on layoff status disputes his or her recall status as reflected in Company records, Company records shall prevail unless the employee can produce either

- (a) a Company receipt, or
- (b) a properly addressed U.S. Postal Service return receipt evidencing filing of the registration letter during the calendar period in question.

8.9(c) **Salary and Level of Returning Laid-Off Employees.** Company offers to laid-off employees for return to active employment will be extended at whatever salary and level is deemed by management to be appropriate. Rejection of a formal Company offer for a labor market area other than from which laid off, or at a salary lower than the employee's salary at time of layoff plus any intervening general wage increases, will not be cause for removal from layoff status.

8.9(d) Employees who remain on layoff status for the full period specified in 8.9(a)(1) will for a period up to six (6) years from the date the layoff was effective remain eligible for certain additional retirement benefits as specified in the Retirement Plan.

8.9(e) The Company will maintain a record of all laid-off employees who are on layoff status under the above provisions.

ARTICLE 9
CONTRACT PERSONNEL

Section 9.1 Purpose. The Company and the Union recognize that Contract personnel are a practical source of skilled temporary labor that allows the Company to acquire skilled engineering and technical support in a timely manner. The Company and Union recognize that requirements for experienced Contract personnel must be balanced with the need to build and maintain the Boeing experience base and to support our mutual objective of workforce stabilization by minimizing employee layoffs.

Section 9.2 Definition. The term "Contract personnel" refers to temporary personnel provided by another business entity to perform work on Company premises under the daily control and supervision of Company management. The business entities that provide Contract personnel normally are in the business of providing temporary services (such as temporary employment agencies and staffing firms). Sources of contract personnel may also include businesses in the aerospace or related fields that make their employees available for temporary labor (so-called "industry assist" arrangements). Excluded from the definition of Contract personnel are consultants and their employees and employees of subcontractors or vendors.

Section 9.3 Procedures and Limitations.

9.3(a) The Company shall notify the Union of the basis for the need, the approximate number of Contract personnel required, and the job family and skills management codes normally held by employees performing the type of work involved.

9.3(b) If based on a variety of factors (including but not limited to the nature of the assignment, the status of the program, the overall need for the skills at issue, and the purpose of using Contract personnel described above) the Company needs the skills supplied by Contract personnel on a long-term basis, the position shall be made available in accordance with the Boeing job posting process.

9.3(c) The Company and the Union agree that it is normally inappropriate to hire Contract personnel as direct hires in periods of surplus activity within a job family and skills management code. Deviations will be subject to approval by the appropriate senior level executive for the Major Organization. The granting of a deviation to allow such hiring shall not be subject to the grievance and arbitration procedure of Article 3.

9.3(d) The Joint Workforce Committee will review the duration of Contract personnel assignments as requested by the Union.

9.3(e) Contract personnel shall not be authorized to make decisions normally associated with management responsibility including salary determination, retention and discipline.

9.3(f) No employee with an assigned retention rating of R1 or R2 shall be laid off from a surplussing Major Organization while Contract personnel are still employed in that job family and skills management code within that, or any other, Major Organization. No employee from a surplussing Major Organization shall be laid off while Contract personnel are still employed in that job family and skills management code within that Major Organization, except those employees as to whom there is supporting documentation of performance deficiencies.

9.3(g) Exceptions to this Article to avoid significant disruption or impact on committed packages of work will require the approval of the Senior Workforce Manager for the Major Organization. Notification will be provided to the Union as soon as practicable.

Section 9.4 Data. The Company shall supply the Union on a monthly basis with data that displays the number of contract personnel utilized by job code and Major Organization, so that compliance with a limitations identified in 9.3 can be monitored. The data shall include names, BEMS identification numbers, work location, job title, group/organization name, contract labor type codes, and start date.

ARTICLE 10 JOINT MEETINGS

Section 10.1 Joint Meetings.

10.1(a) Should either party desire to discuss with the other any matter affecting generally the relationship of the parties, a meeting of Union and management representatives shall be arranged upon request of either party. Such meeting shall take place at a time mutually convenient to both parties. Any use of Company time for attendance at such meetings shall be arranged in advance by mutual agreement.

10.1(b) This Article is intended to provide a free avenue of communication between the Union and the Company, and suggestions, complaints, or other matters may be presented by either party, provided that neither party shall be required to discuss any item brought up by the other party nor be bound to act upon any item presented. However, both parties agree to discuss informal grievances and complaints.

ARTICLE 11 PAY RATES - CLASSIFICATIONS - OVERTIME - TEMPORARY MILITARY LEAVE - JURY DUTY AND WITNESS SERVICE

Section 11.1 Pay Rates, Titles, Levels and Salary Ranges.

11.1(a) The minimum salary for the payroll, effective March 7, 2003, will be \$38,300.

11.1(a)(1) Minimum rates for Salaried Job Classification levels:

Level	Minimum Rate
1	\$38,300
2	\$40,900
3	\$48,500
4	\$58,600
5	\$70,400
6	\$85,400

These minimum rates will be effective March 7, 2003.

TABLE I

Classification		Levels
JA	Engineer/Scientist	1-6
ND	Embedded Software Engineer	1-6
ED	Environmental Engineer/Scientist	1-6
AG	Facilities Equipment Engineer	1-6
AJ	Facilities Plant Engineer	1-6
KE	Industrial Engineer	1-6
KK	Manufacturing Engineer	1-6
KZ	Tool Engineer	1-6
SC	Customer Support Engineer	1-6
DE	Quality Engineer	1-6
ST	Software Quality Engineer	1-6

11.1(b) The Company will establish three (3) selective adjustment funds in accordance with the dates set forth in Table II:

TABLE II

SELECTIVE SALARY ADJUSTMENT FUND REVIEW PERIODS
AND INCREASE PERCENTAGES

Review Period	Beginning Date	Fund Computation Date	Ending Date	Increase Effective Date	Increase Percentage	Minimum Increase
1	12/2/02	1/24/03	3/7/03	3/7/03	4.0%	1.5%
2	3/8/03	1/23/04	3/5/04	3/5/04	4.0%	1.5%
3	3/6/04	1/21/05	3/4/05	3/4/05	4.0%	1.5%

11.1(b)(1) Following the ending date of each of the three (3) selective salary adjustment review periods, the Company will increase the base salaries of employees selected from among those who are eligible. The base salaries of eligible employees will be increased from a fund computed by multiplying the Increase Percentage by the total salaries of eligible employees. Minimum increases will be given as indicated in Table II. These increases will be effective on the Effective Date of the review period and will be rounded to the nearest \$50. Eligible employees are those who were in the bargaining unit and on the active payroll on both the fund computation date and the increase effective date.

For selective adjustment fund computation purposes described in 11.1(b), the units defined in 1.1(a), 1.1(b), 1.1(c), and 1.1(d) will be treated as a single unit.

For any Review Period identified in Table II, the Company may, at its discretion, increase the Increase Percentage, resulting in an equal decrease to the Increase Percentage of a subsequent Review Period.

11.1(c) Cost of Living Adjustments.

11.1(c)(1) Employees eligible to participate in the selective adjustment funds under 11.1(b) may also receive Cost of Living Adjustments to the extent such adjustments become effective under and in accordance with all of the terms, conditions and limitations stated in 11.1(c). The terms, definitions, and limitations stated in 11.1(b) and 11.1(c) also apply to such adjustments. Cost of Living Adjustments would be delivered to each eligible employee separately from those selective adjustment funds derived in 11.1(b). Cost of Living Adjustments would be effective on the dates specified in Table III.

11.1(c)(2) Determination of Cost of Living Adjustments shall be made in reference to the series U.S. city average "Consumer Price Index Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics, U.S. Department of Labor, with the following base period: 1982-1984 = 100, such Index being referred to herein as the BLS Index.

11.1(c)(3) Computations will be made using the three (3) month average of the BLS Index for July, August and September, 2002 (176.6), as the base period.

11.1(c)(4) During the life of this Agreement, Cost of Living Adjustments shall be computed using the three (3) month average of the BLS Index for the periods specified in Table III and the corresponding BLS Index threshold values expressed as percentage increases over the 2002 base period. The formula will be: percentage of Cost of Living equals fifty (50) percent of the percentage increase in the BLS Index, from the 2002 base period to the BLS Index Comparison Quarter, that exceeds the BLS Index Threshold Percentage, as shown in Table III. In order to

preclude recognition, on more than one effective date, of the same percentage increase in the BLS Index, any recognition on one effective date of a percentage increase over the applicable BLS Index Threshold Percentage will cause that percentage to be set aside and disregarded in ensuing computations. [E.g., if the BLS Index for October, November, December 2002 represented a 12 percent increase over the base period (yielding a 2.0 percent Cost of Living Adjustment effective 3/7/2003), no Cost of Living Adjustment would result for the 3/5/2004 effective date unless, and to the extent, the BLS Index for October, November, December 2003 represented an increase in excess of 20.3 percent over the base period.] BLS Index three-month averages, BLS Index increase percentages, and salary increase percentages will be rounded to the nearest tenth, with five hundredths rounded upward to the nearest tenth.

TABLE III

Effective Date of Adjustment	BLS Index Comparison Quarter	BLS Index Threshold Percentage
3/7/2003	Oct, Nov, Dec 2002	8.0%
3/5/2004	Oct, Nov, Dec 2003	16.3%
3/4/2005	Oct, Nov, Dec 2004	25.0%

11.1(c)(5) In connection with each of the effective dates in Table III, the computations set forth in 11.1(c)(4) will be made.

11.1(d) For payroll computation purposes, hourly rates of pay will be computed on the basis of 2080 compensable hours each calendar year.

Section 11.2 Classifications. When, pursuant to the provisions of Article 1, the Company classifies an individual in one of the Engineer classifications listed in this Article, it will give consideration to the nature of the work involved and the qualifications of such individual. Inclusion in these classifications shall be limited to those employees who, in the performance of their assigned work, regularly apply engineering disciplines to the research, design, development, test and evaluation of Company products or processes, and who satisfy the definition of "professional employee" as stated in Section 2(12) of the National Labor Relations Act as set forth below:

- "(a) any employee engaged in work (i) predominately intellectual and varied in character as opposed to routine mental, manual, mechanical, or physical work; (ii) involving the consistent exercise of discretion and judgment in its performance; (iii) of such a character that the output produced or the result accomplished cannot be standardized in relation to a given period of time; (iv) requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study in an institution of higher learning or a hospital, as distinguished from a general academic education or from an apprenticeship or from training in the performance of routine mental, manual, or physical processes; or
- (b) any employee, who (i) has completed the courses of specialized intellectual instruction and study described in clause (iv) of paragraph (a) and (ii) is performing related work under the supervision of a professional person to qualify himself to become a professional employee as defined in paragraph (a)."

This Section shall not be construed as affecting the Company's unilateral right to select and determine the employees to be included in each classification listed in this Article, which right shall not be subject to Article 3.

Section 11.3 Overtime.

11.3(a) The hourly rate to be paid for scheduled overtime worked by employees will be straight time plus \$6.50 per hour.

11.3(b) The term "scheduled overtime" as used in this paragraph will refer to a program of work in excess of eighty (80) compensated hours in a two (2) week pay period authorized as scheduled overtime by the Company to meet increased workload.

11.3(c) The provisions of 11.3 will not be applicable to the following:

11.3(c)(1) Employees on part-time work schedules.

11.3(c)(2) Time enroute on travel assignments at the request of the Company.

11.3(c)(3) All hours worked in excess of the scheduled hours which are not requested by the Company.

11.3(d) Except as expressly provided in this Agreement, the Company shall have the right to require employees to record time worked (however categorized) and to administer the overtime and all other aspects of its labor charging system in the manner the Company may determine from time-to-time.

Section 11.4 Temporary Military Leave. Time off with pay up to a maximum of eighty (80) hours each military fiscal year will be granted to an employee who is a member of a reserve component of the Armed Forces and who is absent due to required annual active duty or to temporary special duty. The amount due the employee under this 11.4 shall be reduced by the amount received from the government body identified with such active or temporary special duty, for the period of such duty (up to the maximum period mentioned above). Such items as subsistence, uniform, and travel allowance shall not be included in determining pay received from the state or federal government. An employee who elects to work or use available vacation credits while on temporary active duty will not be eligible for military pay differential for that period.

Beginning with the military fiscal year starting October 1, 2000, the following provisions will apply:

Members of a reserve component of a uniformed service ordered to annual active duty are eligible for military differential pay up to a maximum of eighty (80) hours each military fiscal year (October 1 - September 30) or longer if required by applicable laws.

Members of a reserve component of a uniformed service ordered to temporary special duty under Military U.S. Code Title 10 or mobilized by the applicable state agency are eligible for military differential pay up to a maximum of ninety (90) calendar days for each occurrence.

Employees will retain all compensation received from the uniformed services. If this compensation is less than their regular Company pay (base rate plus applicable additives), the Company will provide pay equal to the difference between the employee's base rate (plus applicable additives) and the compensation received from the uniformed services. This pay will be provided upon receipt of the employee's leave and earnings statement. Subsistence (does not include quarters), uniform, and travel allowances will not be included in determining military pay.

Section 11.5 Jury Duty and Witness Service. Time off with pay, up to thirty (30) days each calendar year or longer if required by applicable laws, will be granted for absence necessary for an employee to perform jury duty or witness service. The employee will retain all fees received. Time off with pay, unless required by applicable law, will not be granted if the employee:

1. Is subpoenaed as a witness against the Company or its interests.
2. Is subpoenaed as a witness as a direct party in the action.
3. Voluntarily seeks to testify as a witness.

4. Is subpoenaed as a witness in a case arising from or related to the employee's outside employment or outside business activities.

Deviations to this procedure must be approved by Company Offices Compensation and Benefits.

Section 11.6 Work Schedules and Shifts.

11.6(a) Each employee working full time shall be assigned one of the following work schedules:

- (1) **Category 1 Weekday Schedule:** 40 hours in a workweek or 80 hours in a pay period, with regular workdays during the Monday through Friday period.
- (2) **Category 1 Weekend Schedule:** 40 hours in a workweek or 80 hours in a pay period, with Saturday and/or Sunday as a regular workday.
- (3) **Category 2 Weekday Schedule:** Less than 40 hours in a workweek or less than 80 hours in a pay period, with regular workdays during the Monday through Friday period.
- (4) **Category 2 Weekend Schedule:** Less than 40 hours in a workweek or less than 80 hours in a pay period with Saturday and/or Sunday as a regular workday.

Schedule Hours	Category One Schedules of 40 hours in a workweek or 80 hours in a pay period		Category Two Schedules of fewer than 40 hours in a workweek or 80 hours in a pay period	
Schedule Type	Weekday	Weekend	Weekday	Weekend
Shift	Incentives			
First	None	Weekend Rate	Schedule Factor	Weekend Rate Schedule Factor
Second	Shift Rate	Shift Rate Weekend Rate	Shift Rate Schedule Factor	Shift Rate Weekend Rate Schedule Factor
Third	Shift Rate Shift Percentage	Shift Percentage Shift Rate Weekend Rate	Shift Rate Schedule Factor	Shift Rate Weekend Rate Schedule Factor

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Shift Percentage Maintains "equity" with 3rd shift 6.5 hour schedule	Shift Rate Working other than 1st shift	Weekend Rate Working on a Saturday/Sunday as a regular day	Schedule Factor Works less than 40/80 hours, paid for 40/80
23%	\$.75 per hour	Sat. or Sun. \$1.50 Sat. & Sun. \$2.00	Pay period hours/ Scheduled hours

Employees may, at their request and with management's approval, work any of the above schedules. Management will staff Weekend Schedules with volunteers.

11.6(b) Employees may at their request and with management's approval, make a temporary modification of their work schedule through movement of hours from one day to another within an 80-hour pay period.

11.6(c) The Company may assign an employee to any shift to meet operational requirements. The following shift identification shall apply:

- (1) First shift: Begins at any time from 4:00 a.m. to 11:59 a.m.
- (2) Second shift: Begins at any time from 12:00 noon to 7:59 p.m.
- (3) Third shift: Begins at any time from 8:00 p.m. to 3:59 a.m.

Section 11.7 Incentives.

11.7(a) Employees assigned to second or third shift shall receive a shift rate incentive of seventy-five (75) cents per hour.

11.7(b) Employees assigned to either Saturday or Sunday as a regular day of work shall receive \$1.50 per hour. Employees assigned to both Saturday and Sunday as regular days of work shall receive \$2.00 per hour.

11.7(c) Employees assigned to a Category 2 Schedule will receive a schedule factor incentive equivalent to the difference between the hours scheduled and forty (40) hours in a workweek.

11.7(d) Employees assigned to a Category 1 Schedule and identified to receive the "shift percentage" shall receive twenty-three (23) percent of their base rate.

ARTICLE 12 UNION OFFICIALS

Section 12.1 Accredited Representatives.

12.1(a) The Union shall inform the Company in writing of the names and positions of its officials and, currently, any changes thereto. Only persons so designated to the Company will be accredited as representatives of the Union. Accreditation shall be effective on the third day following the Company's receipt of the notification.

12.1(b) Solicitation of Union membership, collection or checking of dues, or reading of Union newsletters or publications will not be permitted during working time. Distribution of Union newsletters or publications will not be made during working time or in work areas. The Company agrees not to discriminate in any way against any employee for legitimate Union activity, but such activity shall not be carried on during working time except as specifically provided for in this Agreement.

12.1(c) Each employee, before leaving his or her assigned work on Union business, shall have authorization therefor from the Union and shall notify his or her supervisor prior to taking such leave. The Union shall provide to the designated Company Representative oral confirmation of such authorization at least one (1) day prior to such leave and written confirmation immediately thereafter. Such unworked time, limited to regular working hours, shall be charged to a special charge account number and the Union agrees to reimburse the Company at the employee's regular hourly rate for all such time so spent.

12.1(d) Grievance and Contract Administration.

12.1(d)(1) The Union shall investigate and adjust grievances and perform contract administration, in the work area, exclusively through Executive Board members and Council Representatives, who shall be employees, and Union Staff Representatives.

12.1(d)(2) Each Executive Board Member and Council Representative shall notify and obtain permission from his or her supervisor before leaving the work assignment for the purpose of investigating complaints or claims of grievance on the part of employees in his or her work area. Such permission shall be granted except where the supervisor considers such absence would seriously interfere with the performance of the group of which the representative is a part. Time spent on such approved investigations and discussions shall be considered work time provided such activity does not extend beyond the time that the supervisor considers reasonable under the circumstances. Any Executive Board Member and Council Representative in the conduct of his or her investigation, and before contacting an employee, shall obtain permission of the supervisor of such employee and advise the supervisor of the nature of the complaint or grievance and the estimated time required for the discussion. Such permission shall be granted except where the visit would seriously interfere with the work of the group. Except as provided in 12.1(e) and 10.1(a), all time lost from work due to such Union business shall be handled in accordance with 12.1(c).

12.1(d)(3) Access by Union Staff Representatives shall be governed by 12.2 below.

12.1(e) Leave of absence of at least thirty (30) days without pay shall be granted for the following reasons:

12.1(e)(1) Full-time employment by the Union or its national organization;

12.1(e)(2) Union business authorized by the Executive Board and approved in writing by the designated Company Representative, which approval shall not be withheld absent legitimate business circumstances.

The Company will reinstate employees on such leaves at not less than his or her former level and salary plus any general salary increases which occurred during the period of the leave of absence.

12.1(f) The Company and the Union recognize that each individual within the bargaining unit has a full-time work assignment for the Company and, if Union business impairs performance of such work assignment, the Company and Union agree to make arrangements to prevent such impairment in the future.

12.1(g) Executive Board and Council.

12.1(g)(1) The Union may designate one (1) Council Representative for each 200 employees, or major fraction thereof, in each Major Organization in the bargaining unit, plus one (1) Council Representative for each mutually agreed outplant location with fewer than 100 employees. In unique circumstances where maintaining such a ratio creates a hardship to the Union, the Company will give due consideration to a written request from the Union for a waiver of the ratio requirement.

12.1(g)(2) The parties will review annually, prior to Council elections, the number of Council Representatives allowed under 12.1(g)(1). The number agreed upon as contractually allowable during these reviews may not be reduced prior to the next such review except by mutual agreement of the parties. Any increases to the number of Representatives must be in accordance with 12.1(g)(1) and is also subject to mutual agreement of the parties.

12.1(g)(3) No more than seven (7) Executive Board members shall at any time be accepted by the Company as accredited representatives of the Union.

12.1(g)(4) In the absence of a Council Representative for any reason, the Union may designate a temporary substitute.

12.1(h) Protection of Union Officials.

12.1(h)(1) Executive Board members and Council Representatives shall not be laid off during their respective terms of office except as described herein.

12.1(h)(1)a Council Representatives will be given a retention rating while serving during their term of office that will be adjusted to indicate that the employee has the highest retention rating in the applicable job family and skills management code. So rated, the Representatives will be subject to all terms and conditions of Article 8 of the parties' Agreements. Once the Representatives are no longer in office, the retention rating will be readjusted to the otherwise applicable rating.

12.1(h)(1)b If Council Representatives are relocated, due to transfer or otherwise, out of the district in which they were elected, the Representatives will continue to be protected from layoff for the balance of their term of office so long as they remain recognized members of the Council. Each designated Council position can be filled by only one member.

12.1(h)(1)c Layoff protection does not apply to Council Representatives who, at the time of election or appointment, have received an active advance notice of potential layoff, unless the Representative is running for reelection to a consecutive term of office.

12.1(h)(1)d Nothing herein precludes a Council Representative from requesting a voluntary or accelerated layoff.

12.1(h)(2) In the event management deems it necessary to involuntarily transfer or loan a Council Representative, and other employees then represented by the Council Representative would remain in the same job family and skills management code, when practicable the Company will inform the Union of the proposed transfer or loan thirty (30) days prior to its effective date and will discuss with the Union the feasibility of transferring or loaning another employee.

Section 12.2 Union Staff Representatives – Access to Plants. Union Staff Representatives not employed by the Company will be permitted access during working hours to areas in the Company's facilities where employees in the bargaining units defined in Article 1 are assigned, to the extent government and customer regulations permit. Such access shall be only for the purpose of investigating complaints or claims of grievance on the part of employees or the Union and shall be subject to the following:

12.2(a) The Company shall be required to admit only those Staff Representatives who have been agreed to in writing or as may be agreed to by the Company throughout the remainder of the Agreement. Except for visits to the Corporate Union Relations Offices, Staff Representatives shall notify the designated Human Resources organization of their contemplated visits.

12.2(b) Staff Representatives who are entitled to admittance to the Company's facilities shall sign in where required through the Company designated organization at the plant or facility they desire to enter. Upon being admitted, they shall proceed to the organization they wish to visit, contact the supervisor then present, inform him or her of the purpose of their visit and obtain his or her permission prior to contacting any employee in such organization. Such permission will be granted except where there is a substantial reason for delaying the contact due to safety conditions or the fact that a critical operation is in process. Upon leaving the plant or facility they shall sign out where required and return any temporary identification badges which were issued for the purpose of the specific visit.

12.2(c) The Company shall supply identification badges so that each Union Staff Representative can have access during working hours to the areas in which Bargaining Unit employees are assigned. Staff Representatives may retain their badges affording such access during the period they are assigned such duties by the Union, subject to 12.2(a), 12.2(b), and 12.2(d) of this Agreement.

12.2(d) Staff Representatives who fail to comply with provisions of 12.2 shall forfeit their admittance rights.

Section 12.3 Union Staff Representative, Executive Board Member or Council Representative – Security Interviews. Each employee has the right, during a Security interview which the employee reasonably believes may result in discipline, to request the presence of his or her Union Staff Representative, Executive Board Member or Council Representative, if the Union Staff Representative, Executive Board Member or Council Representative is available. If his or her Union Staff Representative, Executive Board Member or Council Representative is not available, such employee may request the presence of another immediately available Union Staff Representative, Executive Board Member or Council Representative. If a Union Staff Representative, Executive Board Member or Council Representative, pursuant to the employee's request, is present during such an interview, the Union Staff Representative, Executive Board Member or Council Representative, in addition to acting as an observer, may, after the Security representative has completed his or her questioning of the employee, ask additional questions of the employee in an effort to provide information which is as complete and accurate as possible. The Union Staff Representative, Executive Board Member or Council Representative shall not obstruct or interfere with the interview.

ARTICLE 13 UNION SECURITY

Section 13.1 Union Membership. Subject to 13.2 below, and unless otherwise prohibited by applicable state law, all employees within the bargaining units defined in 1.1 shall pay dues or an agency fee to the Union within 31 days following the beginning of such employment, or within 31 days following the execution of this Agreement, whichever is later, and shall thereafter maintain their dues or agency fee paying status in good standing during the life of this Agreement, as a condition of continued employment.

Section 13.2 Satisfaction of Obligation. Employees who, under 13.1, are required to pay dues or an agency fee to the Union may satisfy that obligation by periodically, but not less than quarterly, tendering to the Union an amount equal to the Union's regular and usual monthly dues.

Employees who demonstrate sincere religious objection to the payment of such dues or an agency fee may satisfy their obligations under 13.1 by paying sums equal to the Union's regular and monthly dues to a tax-exempt nonreligious, nonlabor charitable organization.

Section 13.3 Failure to Satisfy Obligations. In the event an employee who, as a condition of continued employment, is required under this Article to pay dues or an agency fee to the Union but fails to do so, the Union will notify the Company in writing through the Company Offices Union Relations Office, or through such other office as may be designated by the Company, of such employee's delinquency. The Company agrees to advise such employee that his/her employment status with the Company is in jeopardy and that his/her failure to meet this obligation under this Article within five (5) days will result in the termination of his/her employment.

Section 13.4 State Laws. In regard to employees within those collective bargaining units covered by this Agreement that are in states where application of a union security provision such as that stated in 13.1 is not legally permitted as of the effective date of this Agreement: In the event the application of such provision was to become permissible in such state during the effective period of this Agreement, such provision then would become applicable to the affected collective bargaining unit in that state, and the date that such provision became permissible would be used instead of the effective date of this Agreement.

Section 13.5 Payroll Deduction for Union Dues. The Company shall make payroll deductions for the Union's regular and usual monthly dues or agency fee, upon receipt by the office designated by the Company of a voluntary written assignment from the employee covering such deductions on a form mutually agreed to by the Union and the Company. The list of such deductions will be itemized to include each such employee's permanent employee number, name, and amount of deduction, and such itemization will be forwarded to the Union. The regular and usual monthly dues shall either be in amounts that are specified on such assignments, or pursuant to a written formula, submitted by the Union to the Company which, in either case, the Company has approved in writing in advance as being administratively

practicable. The Company agrees to make monthly payroll deductions for Union dues for those employees on travel assignment scheduled to be ninety (90) days or less who have a valid authorization card on file, regardless of the employee's payroll classification while on such assignment.

Section 13.6 Carry-over of Authorizations between Bargaining Units. The Company will carry over dues authorizations of employees among and between the bargaining units represented by the Union, i.e., where a valid authorization card is on file with the Company for an employee within a Union bargaining unit and the employee thereafter is transferred directly to one of the other Union bargaining units and the employee has not in the meantime canceled the authorization. The Company will also resume dues deductions on behalf of employees who leave the bargaining unit and return within a 180-day period and have a valid dues deduction authorization on file.

Section 13.7 Indemnity and Waiver of Claims. The Union will indemnify and hold the Company harmless from and against any and all claims, demands, charges, complaints or suits instituted against the Company which are based on or arise out of any action taken by the Company in accordance with or arising out of the foregoing provisions of this Article 13. Both the Company and the Union will utilize due diligence in administering and reviewing, respectively, the dues deduction system. In the event the Union discovers administrative errors in the Company's administration of the system, the Union will give the Company prompt and timely notice of same, whereupon the Company will endeavor to make reasonable administrative corrections consistent with applicable state and federal law. Respecting Company administration of the system, the Union expressly waives as against the Company any and all claims, demands, suits, or other forms of liability that may arise out of or by reason of good faith action taken or not taken by the Company for purposes of complying with this Article.

ARTICLE 14 STRIKES AND LOCKOUTS

Section 14.1 Strikes and Lockouts. The Union agrees that during the term of this Agreement, and regardless of whether an unfair labor practice is alleged, (a) there shall be no strike, sit-down or walk-out and (b) the Union shall not directly or indirectly authorize, encourage or approve any refusal on the part of employees to proceed to the location of normal work assignment where no rare or unusual physical hazard is involved in proceeding to such location. Any employee who violates this clause shall be subject to discipline. The Company agrees that during the term of this Agreement there shall be no lockout of employees covered by this Agreement. Any claim by the Company that the Union has violated this Article or any claim by the Union that the Company has violated this Article shall not be subject to the grievance procedure or arbitration provisions of this Agreement and the Company or the Union shall have the right to submit such claim to the courts.

ARTICLE 15 VOLUNTARY INVESTMENT PLAN

Section 15.1 Continuation of Plan. Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of 15.5, a Voluntary Investment Plan (hereinafter called the Plan) in the form as now in effect as to the employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions and limitations of the Plan.

Section 15.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in 15.1 means a continuing approval sufficient to establish that the Plan and related trust or trusts are at all times qualified and exempt from income tax under Section 401(a), Section 401(k) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 15.1 include, without limitation, the Department of Labor and the

Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

Section 15.3 Continuation Beyond Agreement. The Company shall not be precluded from continuing the Plan in effect as to employees within the units to which this Agreement relates after expiration or termination of this Agreement, subject to the terms, conditions, and limitations of the Plan.

Section 15.4 Plan Updates. The parties agree that innovations in technology and administrative practices can give savings plan participants better access to information about their benefits, increased investment options, timely on-line transaction capability and enhanced administrative features. Accordingly, when the Company identifies administrative services that in its estimation reflect industry best practices, the Employee Benefit Plans Committee has discretion to adopt these changes to the Savings Plan. The Company will notify the Union in advance of implementation of any changes adopted by the Employee Benefit Plans Committee.

Section 15.5 Changes to the Current Plan. Subject to action by the Company's Board of Directors (or its delegate) and to the approvals specified in 15.2, all provisions of the Plan applicable to employees covered by this Agreement are to remain unchanged with the exception of the following amendments:

15.5(a) The employee contribution limit – for pretax and aftertax contributions combined – will increase from fifteen (15) percent to twenty (20) percent of base pay.

15.5(b) The Boeing Stock Fund portion of the VIP will be designated as an Employee Stock Ownership Plan (ESOP). Employees who have all or a portion of their VIP account invested in the Boeing Stock Fund will be able to choose a one hundred (100) percent cash payment of dividends. Alternatively, employees may continue automatic reinvestment of those dividends.

15.5(c) At such time as the Company has determined that it is able to comply with the relevant requirements under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the Plan will be amended to permit "catch up contributions" by participants age 50 and older.

Section 15.6 Required Plan Amendments. The Company reserves the right to amend the Plan to satisfy all requirements of Section 401(a), Section 401(k) or any other applicable provision of the Internal Revenue Code of 1986.

Section 15.7 Participant Elective Contributions Not Applicable for Other Purposes. It is acknowledged that the election of a Member to convert a portion of his or her base pay under the terms of the Plan will be effective for purposes of this Plan and will reduce the Member's compensation insofar as certain payroll taxes may be applicable. However, for all other employment related purposes, including all of the Member's rights and privileges under this labor agreement, his or her base pay or compensation will be considered as though no election had been made.

ARTICLE 16 GROUP BENEFITS

Section 16.1 Type of Group Benefits Package for Employees on the Active Payroll. The Company will continue until June 30, 2003, the Group Benefits Package agreed to in the collective bargaining agreement of March 20, 2000, between the Company and the Union. Thereafter, the Company will provide the life insurance benefits, accidental death and dismemberment benefits, short term disability benefits, medical benefits, and dental benefits for eligible employees and medical benefits and dental benefits for covered dependents of eligible employees as summarized in the document entitled Attachment A, effective July 1, 2003, or as otherwise stated, as the Group Benefits Package.

Section 16.2 Cost of the Group Benefits Package for Employees on the Active Payroll.

16.2(a) Life, Accidental Death and Dismemberment, and Short Term Disability Benefits. The Company will pay the full cost of the Life Insurance, Accidental Death and Dismemberment, and Short Term Disability Plans for eligible employees.

16.2(b) Medical Benefits.

16.2(b)(1) The Company and the Union are committed to controlling health care costs through joint efforts under the Joint Benefits Discussion Group (Attachment 16). In support of these efforts, the Company will continue to share the cost of medical coverage with employees at the current contribution levels through December 31, 2003.

16.2(b)(2) Effective January 1, 2004, in regions where employees may choose between coordinated care and/or health maintenance organization plans or the Traditional Medical Plan, the Company will pay the full cost of the lowest-cost plan in the applicable region for eligible employees and dependents. For those employees and dependents whose coverage is with another plan, employees will contribute on a pretax basis ten (10) percent of the cost of the plan the employee chooses.

16.2(b)(3) Effective July 1, 2004, in regions where employees may choose between coordinated care and/or health maintenance organization plans or the Traditional Medical Plan, the Company will pay the full cost of the lowest-cost plan in the applicable region for eligible employees and dependents. For those employees and dependents whose coverage is with another plan, employees will contribute on a pretax basis twelve (12) percent of the cost of the plan the employee chooses.

16.2(b)(4) Effective January 1, 2004, in regions where employees may choose between coordinated care and/or health maintenance organization plans or the Traditional Medical Plan and where the total Company employment is 500 or fewer employees, the following contributions will apply:

For any coordinated care/health maintenance organization plan coverage, employees will contribute \$10 for an employee only, \$20 for an employee and spouse, \$20 for an employee and child(ren), or \$30 for an employee and family. For Traditional Medical Plan coverage, employees will contribute \$20 for an employee only, \$40 for an employee and spouse, \$40 for an employee and child(ren), or \$60 for an employee and family. The Company will pay the cost of each plan in excess of the amount contributed by employees.

16.2(b)(5) In regions where coordinated care and/or health maintenance organization plans are not available, the Company will pay the full cost of the Traditional Medical Plan.

16.2(b)(6) The employee is required to contribute an additional \$100 each month for medical coverage under the Group Benefits Package to enroll a spouse or same-gender domestic partner if the spouse or same-gender domestic partner is eligible for medical coverage under another employer-sponsored plan and waives such coverage. This \$100 contribution will not be required for a spouse or same-gender domestic partner who waived coverage under another employer-sponsored plan prior to eligibility for medical coverage under the Group Benefits Package, provided the spouse or same-gender domestic partner enrolls at the other plan's next enrollment period or, if earlier, at an enrollment date allowed by the other plan.

16.2(c) Dental Benefits. The Company will pay the full cost of the Preferred Dental Plan, the Scheduled Dental Plan, or the Prepaid Dental Plan.

Section 16.3 Type of Retiree Medical Plan. The Company will continue until June 30, 2003, the Retiree Medical Plan agreed to in the collective bargaining agreement of March 20, 2000, between the

Company and the Union. Thereafter, the Company will provide for the duration of this Agreement the medical benefits for eligible retired employees and for covered dependents of eligible retired employees as summarized in the document entitled Attachment B, effective July 1, 2003, or on such later date when specifically stated therein and subject to all of the terms and conditions contained in or referred to in such Attachment B.

Section 16.4 Cost of the Retiree Medical Plan. The Company will share the cost of medical coverage for current and future eligible retired employees, as follows:

16.4(a) Effective July 1, 2003, Company and retired employee contributions will be as follows:

For any coordinated care/health maintenance organization plan coverage, retired employees will contribute \$10 for a retired employee only, \$20 for a retired employee and spouse, \$20 for a retired employee and child(ren), or \$30 for a retired employee and family. For Traditional Medical Plan coverage, retired employees will contribute \$20 for a retired employee only, \$40 for a retired employee and spouse, \$40 for a retired employee and child(ren), or \$60 for a retired employee and family. The Company will pay the cost of each plan in excess of the amount contributed by retired employees.

16.4(b) For employees who are hired on or after January 1, 1993, the Company contributions are limited to three and one-third (3-1/3) percent of the cost of the coordinated care/health maintenance organization plan or Traditional Medical Plan the retired employee chooses per year of service for the duration of the Agreement. Retired employees pay the difference (the cost of the plan minus the Company contributions). However, all covered retired employees must make contributions not less than the amount specified in 16.4(a).

16.4(c) The retired employee is required to contribute an additional \$100 each month to enroll a spouse in the Retiree Medical Plan if the spouse is eligible for medical coverage under another employer-sponsored plan as an active employee and waives such coverage.

16.4(d) Company contributions will be made only for an eligible retired employee who is receiving benefits from The Boeing Company Employee Retirement Plan provided the employee meets the eligibility requirements of the Retiree Medical Plan and either authorizes deduction of the balance of plan rates, if any, from his or her retirement check or agrees to make timely self-payments for such coverage. Such Company contribution will continue for an eligible retired employee or eligible spouse reduced by retired employee contributions required under 16.4(a) and 16.4(b) and the spouse contribution in 16.4(c), if any, until such eligible person attains 65 years of age or is earlier eligible for Medicare, and for a dependent child, until such dependent child is no longer an eligible dependent or earlier qualifies for Medicare.

Section 16.5 Details and Method of Coverage. The benefits summarized in the Group Benefits Package and the Retiree Medical Plan shall be procured by the Company under contracts and/or administrative agreements with insurance companies, health care contractors, or administrative agents which will be in the form customarily written by such carriers and administrative agents, and the Group Benefits Package and Retiree Medical Plan shall be subject to the terms and conditions of such contracts and/or administrative agreements, consistent with the summary in the Group Benefits Package or Retiree Medical Plan.

Such contracts and/or administrative agreements will require the administrative agents to develop various programs and procedures designed to contain costs based on those portions of the Group Benefits Package and the Retiree Medical Plan which contain the requirement that charges are covered only on the basis of medical necessity. Such cost containment programs or procedures may be utilized to determine the medical necessity of the treatment itself, the appropriateness of the services provided, the place of treatment or the duration of treatment. The administrative agents and the Company will announce each such program or procedure before it is required or available to the affected employees or retirees. Any such cost containment program or procedure will not operate to reduce or deny the benefit properly due under the Plans to any covered person or to shift the costs covered under the Plans to the covered person.

1 The failure of an insurance company, health care contractor, or administrative agent to provide any of the
2 benefits for which it has contracted shall result in no liability to the Company, nor shall such failure be
3 considered a breach by the Company of the obligations that it has undertaken by this Agreement. However,
4 in the event of any such failure, the Company shall immediately evaluate the need to replace the services
5 of such insurance company, health care contractor, or administrative agent.

6
7 **Section 16.6 Administration.** The Group Benefits Package and the Retiree Medical Plan shall be
8 administered by the insurance companies, health care contractors, or administrative agents with whom
9 the Company enters into contractual relationships for the purpose of providing and/or administering
10 the coverage contemplated by the Group Benefits Package or the Retiree Medical Plan and no question or
11 issue arising under the administration of such Group Benefits Package or the Retiree Medical Plan or the
12 contracts and/or administrative agreements identified therewith shall be subject to the grievance and
13 arbitration procedures of Article 3 of this Agreement.

14
15 **Section 16.7 Copies of Policies to Be Furnished to Union.** Copies of the policies, contracts, and
16 administrative agreements executed pursuant to this Article 16 shall be furnished to the Union and the
17 coverages and benefits indicated in the Group Benefits Package or the Retiree Medical Plan, the rights
18 of eligible employees in respect of such coverages, and the settlement of all claims arising out of such
19 coverages shall be in accordance with the provisions, terms, and rules set forth in such contracts.

20
21 **Section 16.8 Federal or State Packages.** If during the term of this Agreement there is mandated by
22 federal or state government a program that affords to employees and/or retirees covered by this Agreement
23 similar benefits (such as but not limited to medical benefits and dental benefits) to those that are afforded
24 by this Agreement, benefits afforded by this Agreement will be replaced by such federal or state program.
25 The Company will comply with the provisions for the furnishing of such program to the extent required
26 by law. No question or issue regarding the level of benefits under the state or federal program will be
27 subject to the grievance and arbitration procedures of Article 3 of this Agreement.

28 29 30 **ARTICLE 17** 31 **RETIREMENT PLAN** 32

33 **Section 17.1 Continuation of Plan.** Subject to the continuing approval of the Commissioner of Internal
34 Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and
35 to the provisions of 17.5, a Retirement Plan (hereinafter called the Plan) in the form now in effect as to
36 the employees within the units to which this Agreement relates shall continue to be effective while this
37 Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and
38 limitations of the Plan.

39
40 **Section 17.2 Approval of Plan.** Approval of the Plan by the Commissioner of Internal Revenue as
41 referred to in 17.1 means a continuing approval sufficient to establish that the Plan and related trust(s) are
42 at all times qualified and exempt from income tax under Section 401(a) and other applicable provisions of
43 the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are
44 deductible for income tax purposes in accordance with law. The cognizant governmental authorities
45 referred to in 17.1 include, without limitation, the Department of Labor, the Pension Benefit Guaranty
46 Corporation and the Securities and Exchange Commission, and their approval means their confirmation
47 with respect to any matter within their regulatory authority that the Plan does not conflict with
48 applicable law.

49
50 **Section 17.3 Continuation Beyond Agreement.** The Company shall not be precluded from continuing
51 the Plan in effect as to employees within the units to which this Agreement relates after expiration or
52 termination of this Agreement, subject to the terms, conditions, and limitations of the Plan.

53
54 **Section 17.4 Grievances as to the Plan.** Only questions concerning the amount of Credited Service
55 under the Plan that an employee has accumulated by reason of employment after the effective date of the
56 Plan shall be subject to the grievance and arbitration procedure of Article 3.

Section 17.5 Changes to the Current Plan. Subject to action by the Company's Board of Directors (or its delegate) and to the approvals specified in 17.2, as well as any changes required by applicable law, all provisions of The Boeing Company Employee Retirement Plan applicable to employees covered by this agreement are to remain unchanged with the exception of the following amendments:

17.5(a) Basic Benefit. The Basic benefit will be increased to \$58 per month for all years of Credited Service for Employees on the active Payroll of the Company on or after January 1, 2003 (including those who retire from the employ of the Company on January 1, 2003).

17.5(b) Basic Benefit. The Basic benefit will be increased to \$59 per month for all years of Credited Service for Employees on the active Payroll of the Company on or after January 1, 2004 (including those who retire from the employ of the Company on January 1, 2004).

17.5(c) Basic Benefit. The Basic benefit will be increased to \$60 per month for all years of Credited Service for Employees on the active Payroll of the Company on or after January 1, 2005 (including those who retire from the employ of the Company on January 1, 2005).

Section 17.6 Administration of the Retirement Plan. The Company shall have the right to unilaterally make any changes in actuarial assumptions and funding methods, provided such changes are determined by the Plan's enrolled actuary to be reasonable in the aggregate. The Company shall be entitled to unilaterally adopt such amendments to the Plan as may be required in order to obtain any approval referred to in 17.1 and described in 17.2 of the Agreement.

ARTICLE 18 NON-DISCRIMINATION

Section 18.1 Non-Discrimination. All terms and conditions of employment included in this Agreement shall be administered and applied without regard to race, color, religion, national origin, status as a disabled or Vietnam era veteran, age, sex, marital status, sexual orientation, or the presence of a disability, except in those instances where age, sex or the absence of a disability may constitute a bona fide occupational qualification.

Administration and application of the Agreement that is not in contravention of federal or state law shall not be considered discrimination under this Article.

Section 18.2 Non-Discrimination Grievances. Notwithstanding any other provision of Article 3, a grievance alleging a violation of this Article 18 shall be subject to the grievance and arbitration procedure of Article 3 only if it is filed on behalf of and pertains to a single employee. Class grievances under this Article 18 shall not be subject to the grievance and arbitration procedure under this Agreement.

ARTICLE 19 SEPARABILITY

Section 19.1 Separability. Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree by a court of competent jurisdiction, such invalidation of any such part or portion of this Agreement shall not invalidate the remaining portions hereof and they shall remain in full force and effect.

ARTICLE 20 SPEEA/BOEING ED WELLS INITIATIVE AND WORKING TOGETHER PARTNERSHIP

Section 20.1 Mission. The Company and the Union agree that it is to their mutual benefit to work together to maintain and continuously improve the technical excellence of the Company and its engineering and

1 technical workforce (the "technical workforce"). The Company and the Union further agree that it is to their
2 mutual benefit to form a real partnership - based on mutual respect, mutual commitment, and mutual benefit
3 between the Company and its technical workforce and the Union, SPEEA. The technical excellence of the
4 workforce and a commitment to working together to achieve the highest level of quality and productivity
5 possible are critical to enabling the Company to compete effectively in the dynamic global marketplace and,
6 thereby, to provide jobs and career growth opportunities for its employees. It is therefore appropriate that the
7 parties continue the SPEEA/Boeing Ed Wells Initiative and the Working Together Partnership.

8
9 **20.1(a) Ed Wells Initiative.** The primary mission of the Ed Wells Initiative is to develop an
10 effective, sustainable process to maintain and continuously improve the technical excellence of the
11 Company by linking technical competencies required to meet Company business objectives with
12 opportunities for enhanced education and training, career development, and skill utilization and
13 application for its employees. To that end, the Ed Wells Initiative will provide the framework for
14 sustained focus on lifelong learning for a properly equipped and challenged technical workforce, a
15 process that will enhance the technical skills and knowledge, and their utilization and application,
16 necessary to sustain long-term Company business objectives. The Ed Wells Initiative will therefore
17 principally target the areas of engineering and technical education and training (including staying
18 current with emerging technologies), skill utilization and application, and career development.

19
20 **20.1(b) Working Together Partnership.** The primary mission of the Working Together Partnership
21 is to identify agreed-upon areas where the Company, the technical workforce, and the Union can work
22 together to contribute to the success of the Company for their mutual benefit. Through the Working
23 Together Partnership activities approved by the Joint Policy Board, the parties will seek to develop
24 and implement initiatives to achieve the following goals: being a leader in the aerospace industry;
25 joint problem solving; achieving the highest level of quality and productivity; involving engineers
26 and technical workers in decisions that affect their work; retaining and transferring knowledge; skills
27 retraining; improving utilization of skills; improving operational effectiveness; having a skilled
28 and motivated workforce; improving communication; enhancing continuous improvement and
29 competitiveness; and creating a working environment of choice.

30
31 **Section 20.2 Joint Policy Board.** A Joint Policy Board will be established, comprised of an equal number
32 of representatives of each party. The Board shall have responsibility for (1) providing the overall direction of
33 the Ed Wells Initiative and the Working Together Partnership; (2) acting on the recommendations of
34 the Joint Administrative Staff and providing oversight to the staff; and (3) determining the expenditure of
35 funds provided to cover Ed Wells Initiative and Working Together activities. The Board shall meet as
36 required, but in no event less than quarterly.

37
38 **Section 20.3 Joint Administrative Staff.** The Company and the Union will appoint co-directors, who
39 will assume responsibility for directing the Ed Wells Initiative and Working Together Partnership activities.
40 A Joint Administrative Staff shall be authorized by the Joint Policy Board and selected and managed by the
41 co-directors within the budget as authorized by the Joint Policy Board.

42 **Section 20.4 Meetings.**

43
44 **20.4(a)** In order to meet its goals and aims, the Union must be able to speak confidently and
45 authoritatively for its bargaining unit membership. Therefore, time will be allowed during the first
46 week of employment for new hires into the bargaining unit to meet with a Union representative and
47 learn about the Union's role in Ed Wells and the Partnership, and by allowing regular quarterly
48 meetings (up to two hours) of all Council Representatives on work time to discuss the issues facing the
49 Partnership. The Joint Policy Board may authorize additional Council Representative participation
50 in approved activities.

51
52 **20.4(b)** To ensure open communication, Union leaders will meet periodically with Company leaders
53 of engineering and technical functions for the geographical areas covered by this Agreement. The
54 purpose of such meetings will be to review the activities of the Working Together Partnership and its
55 progress toward meeting the goals identified in 20.1(b), above. Additionally, the parties agree that
56

high-level meetings for the geographical areas covered by this Agreement will be held no less than twice annually to review the activities of the Ed Wells Initiative and Working Together Partnership. Either party may suggest meetings with the Company's Office of the Chairman or others as appropriate and mutually agreed-upon.

Section 20.5 Funding. Each party shall be responsible for the salaries of its representatives on the Joint Policy Board; expenses of Board members may be covered by the fund where the expense was authorized by the Board (whenever possible, such expenses will be authorized in advance of expenditure). The Company will commit a minimum of \$5.5 million (covering all SPEEA-represented bargaining units participating in the Ed Wells Initiative and Working Together Partnership, including the Wichita Engineering Unit) in each year in support of the Ed Wells Initiative and the Working Together Partnership for the activities directed by the Joint Policy Board, to include facilities, administration, publicity, equipment, materials, and such other expenses as may be agreed to by the Joint Policy Board. In addition, work statement changes for the mutual benefit of the technical workforce and the Company may be allocated additional funds as deemed necessary by the Joint Policy Board, subject to approval of appropriate Company stakeholders.

Section 20.6 Retention Ratings and Salary Adjustments. For a maximum of two (2) years of employment, bargaining unit employees appointed to work at the Ed Wells Initiative will (a) retain the same retention rating held prior to entering the Ed Wells Initiative, unless management assigns the employee a higher retention rating, and (b) receive annual salary increases that are, at a minimum, equivalent to the negotiated salary pool for the period of such employment.

Section 20.7 Disputes. Disputes concerning any aspect of this Article shall be referred to the Joint Policy Board for resolution. No matter involving the Ed Wells Initiative, the Working Together Partnership, or any provision of this Article will be subject to the grievance and arbitration procedure of Article 3.

ARTICLE 21 LAYOFF BENEFITS

Section 21.1 Establishment of Plan. The Company will establish a Layoff Benefit Plan to provide for lump sum or income continuation benefits as set forth in this Article. Such Plan will apply to employees who are laid off with an effective date on or after December 2, 1999.

Section 21.2 Eligibility. All bargaining unit employees who have at least one year of Company service and who are involuntarily laid off from the Company (including such employees who accelerate their layoff dates and employees laid off because of declining an offer for less than equivalent employment as defined by Company policy) are eligible to receive the benefit described in 21.3; provided, however, the following employees shall not be eligible for the benefit: employees who volunteer for layoff; employees who upon their layoff become employed by a subsidiary or affiliate of the Company; employees who are laid off from the Company because of a merger, sale or similar transfer of assets and are offered employment with the new employer; employees who are laid off because of an act of God, natural disaster or national emergency; employees who are laid off because of a strike, picketing of the Company's premises, work stoppage or any similar action which would interrupt or interfere with any operation of the Company; and employees who terminate employment for any reason other than layoff, including, but not limited to, resignation, dismissal, retirement, death, or leave of absence.

Section 21.3 Amount and Payment of Benefit. An eligible employee's total lump sum or income continuation benefit shall equal one (1) week of pay based on the employee's base salary at the time of layoff (but excluding any shift differentials or other premiums) for each full year of Company service as of the employee's layoff date, subject to a maximum benefit of twenty-six (26) weeks of pay. Eligible employees may elect either of the following:

21.3(a) Benefits will be paid as a lump sum following the effective date of layoff. Employees who elect this option will have first consideration recall rights under Article 8 canceled.

21.3(b) Income continuation benefits will be paid in eighty (80) hour increments, subject to an employee's total benefit, on regular paydays beginning with the second payday following the effective date of layoff. Income continuation benefits shall immediately cease upon the earlier of any of the following events: exhaustion of the employee's total income continuation benefit; re-employment with the Company or any of its subsidiaries or affiliates; failure to accept a formal offer of recall from layoff within ten (10) workdays after it is extended or by such later date as may be stipulated by the Company; failure to report to work on the date designated by the Company; or change in the employee's employment status from layoff to resignation, dismissal, retirement, death, or leave of absence.

Subject to continuation of the Plan, no employee shall be paid lump sum or income continuation benefits more than once during any three (3) year period; provided, however, if an employee is re-employed by the Company before payment of the employee's total income continuation benefit and is subsequently laid off in such three (3) year period under conditions which make the employee eligible for a benefit, any unused benefit will be payable to the employee under the procedures established by this Article.

Section 21.4 Benefit Not Applicable for Other Purposes. Periods for which an employee receives income continuation benefits shall not be considered as compensation or service under any employee benefit plan or program and shall not be counted toward Company service. Benefits under this Article may not be deferred into the Voluntary Investment Plan.

Section 21.5 Continuation of Medical Coverage. In the event of layoff, medical coverage for employees and dependents will continue until the employee is covered by any other group medical plan either as an employee or as a dependent, but in no event beyond three (3) months after the date of layoff. Required contributions, if any, must be paid during any period of such continuation of coverage.

ARTICLE 22 JOB CLASSIFICATIONS

Section 22.1 Authorized Job Classifications. Each job classification listed in Article 11, Table 1 shall, for the period of this Agreement, remain in effect, subject to revisions as provided in 22.4, unless made inactive by mutual agreement of the Union and the Company.

Section 22.2 Definition of Job Classification. A job classification is defined by occupation, job family, and level codes as identified within the Company's Salaried Job Classification (SJC) system.

Section 22.3 Application and Intent of Job Descriptions.

22.3(a) Occupations are the broadest categories of work. Job families describe the organization of tasks. Level guides identify the various levels of responsibility within the job family. Each job classification is linked to Skills Management Codes (SMCs) within the SJC system. SMCs identify unique knowledge, skills, abilities, and environments within the job family.

22.3(b) Each occupation code, job family code, level guide, and SMC is defined by a unique description as identified within the SJC system.

22.3(c) An employee may perform some of the work of a higher level and/or some of the work of a lower level in the performance of the work assignment. It is not anticipated that any employee will perform all the duties set forth in the job description. Any work assignment may include:

22.3(c)(1) Teaching, instructing, leading or providing assistance to others.

22.3(c)(2) The use of equipment to facilitate the work assignment.

22.3(c)(3) The submission of completed work or any portion thereof for checking or approval.

22.3(c)(4) The reporting of any work impairment such as errors in materials, processes, equipment, etc.

Section 22.4 New or Revised Job Family, Level Guides, and SMC Descriptions. If, after the effective date of this Agreement, the Company or the Union determines that no existing job family, level guide, or SMC description appropriately covers a new or reorganized work assignment, either party may initiate a request for evaluation and review through the established SJC Maintenance Process. The Union will participate as a voting member on the Company's SJC team in the identification, evaluation, and review of all proposed changes to job family descriptions and level guides for SJC job classifications listed in Article 11, Table I, and their associated SMC descriptions. The Company will implement changes (1) by revising or deleting an existing job family, level guide, and/or SMC description; or (2) by developing a new job classification code, with supporting descriptions, which will be incorporated into Article 11, Table I through the issuance of an installation memo; or (3) the Company will establish a temporary job classification and/or SMC in accordance with 22.4(b).

22.4(a) Union Challenges of Level(s) for New or Revised Job Level Guide. In the event the Union disagrees with the number or description of level(s) of a new or revised job level guide, it must, within thirty (30) calendar days from the date the new or revised level guide is forwarded by the Company, challenge the level, setting forth in writing the reasons why the Union disagrees. Otherwise, the level guide as determined by the Company will stand.

22.4(a)(1) If the Union challenges a new or revised level guide, the Company's Director of Compensation and Benefits, and his/her appointees, and Union representatives shall meet within forty-five (45) calendar days of the request for the purpose of attempting to reach agreement as to the appropriate level guide. Disagreements between the Union and the Company shall be resolved exclusively on the basis of the level guide assigned as a result of the Company's application of 22.4. A Union challenge shall in no way prevent or delay the Company from assigning personnel to the job classification involved in the challenge.

22.4(a)(2) If the Union challenges a new or revised level as submitted by the Company, and it is determined that the level is not correct, the Company will pay each employee involved at a rate that is within the range of the corrected level, for the time in which the employee has performed the duties of the corrected level.

22.4(b) Temporary Job Family, Level, or SMC. A temporary job family, level, or SMC may be established by the Company for new or revised work for which no current job family, level, or SMC is applicable and which requires a period of time to stabilize job duties. This period will not exceed ninety (90) days unless extended by mutual agreement. The Union will be notified of the effective date and approximate duration. Employees will be assigned to such new work at not less than their current levels until the job family and level is made permanent. If the temporary job family code or level is made permanent at a higher level than the levels of the assigned employees, these employees will be paid within the range of the higher level for the time assigned to the work covered by the permanent job family or level. Effective upon and after the Company's determination that a temporary job family and/or level has become permanent, the provisions of 22.4 shall apply.

Section 22.5 Individual Employee's Job Classification.

22.5(a) It is a mutual objective of the Union and the Company that the job classification of each employee be an accurate and timely reflection of the work assigned and the demonstrated capabilities of the employee. However, the Company shall retain the exclusive right to reassign employees as necessary to meet work requirements, and employees shall comply with such reassignments notwithstanding the employees' job classifications of record at the time. If the Company determines, by reference to the applicable job family description, that an employee's level is higher than is appropriate for the work to which the employee is assigned, the Company may permit the employee to continue in the same assignment without reclassification for whatever period of time the Company elects; or the Company may add to the employee's current assignment or reassign the employee to other work for which the employee's level is appropriate.

22.5(b) Because an employee may be assigned work at a level lower than the employee's current level without being reclassified to the lower level, the levels of work assignments of individuals other than the employee shall not be introduced or regarded as pertinent evidence for the purposes of 3.6(a), unless by mutual agreement of the parties.

22.5(c) Employees may be reclassified to a higher level irrespective of their assigned retention index.

22.5(d) Challenges Concerning Individual Employee's Job Family, Level, or SMC. An individual employee may request a review of his or her job classification or level based on the contention the work assigned by the Company differs from the job classification or SMC to the extent and in such a manner as to warrant reclassifying the employee to a different existing job classification or SMC. Employees will attempt to resolve their classification first by discussion with first-line management. In the absence of a resolution mutually agreeable to both management and the employee, the following steps will be utilized in the review process:

22.5(d)(1) If the employee contends that a classification or level issue still exists, he or she along with his or her Union Representative will notify the Totem and/or Skill Team Manager to request a review.

22.5(d)(2) The Totem and/or Skill Team Manager will meet with the employee and the Union Representative to fully discuss the employee's issue in an effort to reach mutual resolution.

22.5(d)(3) If the employee and Union Representative do not agree with the Totem and/or Skill Team decision, the Totem and/or Skill Team Manager, the appropriate Human Resources Representative and the Union Representative will meet to resolve the matter by a majority decision.

22.5(d)(4) Short-term variations will from time to time occur in the amounts and types of work assigned to any activity, project, program or organization. Such variations, including, but not limited to, work assignment adjustments made necessary by vacations and other employee absences, are recognized by the Union and the Company as conditions which justify the short-term assignment of employees to work that is different than the employees' current job family classification or level. Accordingly, individual job family classification or level challenges acceptable under the provisions of this Article 22 are limited to assignments of not less than thirty (30) continuous calendar days.

22.5(d)(5) If, subsequent to the processing of a challenge in accordance with 22.5(d), it is determined by the Company through the challenge that an existing higher level is appropriate, the Company will classify the employee and pay the employee at a rate that is within the range of the appropriate level for the time the employee has performed the work at the higher level subsequent to the date on which the notification required by 22.5(d)(1) was received by the Company and within thirty (30) calendar days prior to that date.

Section 22.6 Reclassification to a Lower Level. The Company may in its discretion alter employee work assignments or reassign employees to lower-level bargaining unit work for which the Company deems they are qualified. In these cases, the employee shall retain their SJC level and will not be reclassified to a lower level. Reclassifications to lower levels may be made as a result of an employee's documented unacceptable performance.

Section 22.7 The provisions of 22.4, 22.5, and 22.6 are not subject to the grievance and arbitration procedures of Article 3.

ARTICLE 23 DURATION

Section 23.1 Duration.

23.1(a) This Agreement shall become effective December 2, 2002, and shall remain in full force and effect until the close of December 1, 2005, and shall be automatically renewed for consecutive

periods of one (1) year thereafter, unless either party shall notify the other in writing, at least sixty (60) days and not more than ninety (90) days prior to December 1 of any calendar year, beginning with 2005, of its desire either (1) to amend this Agreement, or (2) to terminate this Agreement as of a date stated in such notice to terminate, which date shall be subsequent to such December 1 provided that, in any event, this Agreement shall expire at the close of December 1, 2010.

23.1(b) If either a notice to amend or a notice to terminate is timely given pursuant to 23.1(a), the parties agree to meet within thirty (30) days thereafter for the purpose of negotiating an amendment to this Agreement or a new contract.

23.1(c) If a notice to amend is timely given pursuant to (1) of 23.1(a), either party may at any time thereafter notify the other in writing of its desire to terminate this Agreement as of a date stated in such notice to terminate, which date shall be subsequent to December 1 of the year in which such notice to amend is timely given and at least sixty (60) days subsequent to the giving of such notice to terminate.

23.1(d) This Agreement and any amendment thereof pursuant to this Article shall continue in full force and effect until either (1) a new contract superseding it is consummated; (2) it is terminated by a notice to terminate timely given pursuant to clause (2) of 23.1(a), or 23.1(c); or (3) it expires, whichever shall first occur.

Signed at Seattle, Washington and dated this 21st day of January, 2003.

Society of Professional Engineering
Employees in Aerospace

By 
President

The Boeing Company

By 
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO SEX CRIMES
(Engineering and Technical Units)**

The Company and the Union recognize (1) the growing awareness and abhorrence in our society of sex crimes victimizing children, and (2) the deleterious effect the presence in the workforce of perpetrators of such crimes would have on the efficiency and morale of professional/engineering and technical employees of the Company and on the reputation of the Company and its products. The parties therefore agree as follows:

1. Any discipline or discharge of a Union-represented employee who has committed a sex crime victimizing a child or children shall be deemed to be for "just cause" and shall not be subject to the grievance and arbitration provisions of the parties' collective bargaining agreements or to any other challenge or proceeding by the Union.
2. For purposes of this Letter of Understanding, the term "sex crime victimizing a child or children" includes rape, sexual assault, statutory rape, incest, child molestation, child pornography, public indecency, indecent exposure, indecent liberties, communications with a minor for immoral purposes, promoting prostitution, and similar crimes as defined in the jurisdiction in which the offense is committed, where the victim of said crime(s) is under the age of 18 years at the time of the commission of the crime(s). An employee shall be considered to have committed such a crime if the employee is convicted of the crime, or if the employee pleads guilty or nolo contendere to the crime, or if the employee enters a special supervision program pursuant to a deferred prosecution arrangement relating to the crime.
3. The provisions of this Letter of Understanding shall not be deemed to define "just cause" or to affect the grievance and arbitration provisions in any other respect whatsoever, nor shall it be introduced or relied upon in any arbitration or other proceeding involving the parties which does not deal with the discipline or discharge of an employee who has committed a sex crime victimizing a child or children.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By

Jennifer Mackay

President

The Boeing Company

By

Geoff Stampler

Director
Union Relations

Attachment 2

**LETTER OF UNDERSTANDING
RELATING TO CHILD/ELDER CARE AND CHILD DEVELOPMENT PROGRAMS
(Engineering and Technical Units)**

The Company will continue a comprehensive Child and Elder Care program. The program consists of referrals of employees to licensed care facilities, consultation with employees to determine individual needs, and providing educational materials and programs.

The Company is developing people strategies to support individuals in the workforce and retain valuable employees with the end goal to make the Company more competitive. These strategies recognize that employee concerns about child care can affect an individual's productivity and work focus. To support these strategies, the Company has implemented a Child Development Program to build on other Company programs which support employees and their families.

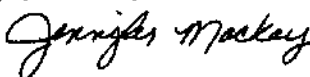
As one element of the program, the Company has, in coordination with the Union, established two near-site day care centers (Everett and Renton/Longacres). The day care centers are operated by a third-party with fees charged to participating employees geared at an operations break even level.

Additional components of the Company's Child Development Program include providing leadership to help improve the quality and availability of child care in communities where employees live and enhancing child care referral services through the existing Child and Elder Care referral program. Consideration will be given to adding other elements, such as collaboration by the referral program with day care providers and parents on evaluation of facilities and day care curriculum, assistance in extended/alternate hours, and assistance dealing with specific day care needs.

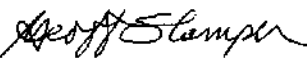
Finally, in an effort to assist employees' work-related needs, the Company and the Union agree to meet at least quarterly (if requested) to exchange concerns related to dependent care issues, including but not limited to issues arising due to employee movement to new or relocated Company facilities.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By 
President

The Boeing Company

By 
Director
Union Relations

Attachment 3

**LETTER OF UNDERSTANDING
RELATING TO JOINT COMPANY-UNION DRUG
AND ALCOHOL DEPENDENCY PROGRAM
(Engineering and Technical Units)**

The Company and the Union agree to continue the Joint Alcohol and Drug Dependency Program as an integral part of the Company's drug- and alcohol-free workplace objectives. As part of that program, the parties agree to continue a Joint Advisory Committee to:

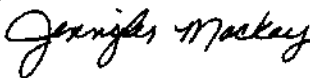
- Review the drug and alcohol segments of the Employee Assistance Program on a regular basis, and
- Make recommendations on enhancing the effectiveness of those segments.

This advisory committee will be composed of two (2) Company representatives (including the Employee Assistance Program Administrator) and two (2) Union officials.

The parties further agree that their activities in support of Alcoholics Anonymous have been successful and that those activities will include other self-help groups, such as Narcotics Anonymous and Cocaine Anonymous. In addition to the current support provided, the Company and the Union will publicize the efforts of these self-help groups.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By 
President

The Boeing Company

By 
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO DRUG- AND ALCOHOL-FREE WORKPLACE PROGRAM
(Engineering and Technical Units)**

The Company and the Union enter this Letter of Understanding to address the serious societal problem of drug and alcohol abuse. The Company and the Union affirm their joint objective to achieve a drug- and alcohol-free workplace while complying with applicable government laws and regulations. To that end, the parties agree to a drug- and alcohol-free workplace program with these principal components: a comprehensive employee assistance program emphasizing rehabilitation; employee awareness; training; and testing.

A. Employee Assistance Program

1. The Company will continue to provide a comprehensive Employee Assistance Program (EAP). One of the major purposes of the program is to rehabilitate employees experiencing drug and alcohol problems through a professional assessment and referral service with follow-up counseling. The service will be provided by trained, professional counselors employed either by the Company or by an EAP company under contract with Boeing.
2. Voluntary participation in the EAP may occur through referral (self, union, management, others). These employees will have their treatment monitored by the EAP and be subject to follow-up counseling and testing by the treatment provider.
3. Mandatory participation in the EAP will be offered as an alternative to discharge to employees who have (a) had a termination for attendance or performance problems held in abeyance, or (b) a verified positive drug or alcohol test administered by the Company. Mandatory participants will be subject to the terms and conditions of the "Compliance Notification Memo" (attached hereto). Violation of any of the terms of the Compliance Notification Memo normally will result in termination of employment.

B. Employee Awareness

1. The Company will continue its drug and alcohol awareness program designed to keep employees informed of the drug- and alcohol-free workplace program, including opportunities for rehabilitation through the EAP; the dangers of drug and alcohol abuse, and drug and alcohol testing.
2. The awareness program will disseminate the information through pamphlets, news articles, mailouts, video tapes, the Boeing Web, and other media.

C. Training

1. The Company will maintain a drug- and alcohol-free workplace training program for its managers, medical professionals, and other selected employees. The training will be designed to:
 - a. Identify the extent and impact of drug and alcohol use.
 - b. Describe the principal federal legislation and regulations for a drug- and alcohol-free workplace.
 - c. Identify the Company rules pertaining to drugs and alcohol and the appropriate action to be taken upon violation.
 - d. Identify the principal components of the Drug- and Alcohol-Free Workplace Program (rehabilitation, awareness, training, and testing).

e. Explain the Employee Assistance Program, opportunities for rehabilitation, and the consequences of rehabilitation failure.	1
	2
	3
f. Explain the facts of drug and alcohol testing accuracy and procedures, such as chain of custody.	4
	5
	6
g. Enable participants to effectively apply observed and documented performance criteria and appropriate procedures in referring the employee to the Employee Assistance Program.	7
	8
	9
	10
h. Enable participants to effectively apply observed and documented criteria typically indicative of drug or alcohol use and apply appropriate reasonable suspicion testing guidelines in referring employees to Medical for medical observation and possible testing.	11
	12
	13
	14
	15
i. Enable participants to apply appropriate post-accident testing guidelines in referring employees for testing.	16
	17
	18
2. The training will not be designed to teach participants to be substance abuse experts or professional counselors.	19
	20
	21
3. Union selected individuals, including but not limited to the Union's Executive Board, Council Representatives, and staff members, will be invited to participate in training. Once a year the Union will provide the Company with a list of those persons to be trained.	22
	23
	24
	25
4. Whenever practicable, Union selected individuals and Company managers will be trained together.	26
	27
	28
D. Drug and Alcohol Testing	29
	30
1. The Company will implement a drug and alcohol testing program designed to deter abuse and to provide a means for early identification, referral for treatment, and rehabilitation of employees with abuse problems, as outlined below.	31
	32
	33
	34
2. The Company will at all times comply with its policy and procedures and with applicable government laws and regulations designed to safeguard the accuracy and reliability of drug and alcohol testing and to protect the confidentiality of those tested. Specifically, the Company will follow applicable regulations (49 C.F.R. Part 40, "Procedures for Transportation Workplace Drug and Alcohol Testing Programs"). For drug testing, these cover:	35
	36
	37
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	40
a. Collection procedures, including strict chain of custody to prevent mislabeling or alteration of urine samples and to account for the integrity of each sample from the point of collection to final disposition;	41
	42
	43
	44
b. Use of a United States government certified laboratory with state-of-the-art testing methodologies, including confirmation testing using gas chromatography-mass spectrometry instrumentation;	45
	46
	47
	48
c. Testing only for substances required by the regulations and for which the laboratory has been certified by the United States government, using government-mandated cutoff and confirmation levels;	49
	50
	51
	52
d. Undertaking a quality assurance and quality control program designed further to ensure laboratory testing accuracy;	53
	54
	55
e. Periodic inspections of the laboratory;	56

- 1 f. Employment of qualified medical review officers (MRO) who are licensed physicians
2 with knowledge of substance abuse disorders and with the medical training to interpret
3 and evaluate a positive test result, medical history, and other relevant data for the
4 purpose of verifying positive results and making return-to-work recommendations;
5
6 g. Giving the employee an opportunity to provide a legitimate, alternative medical
7 explanation for the result. Should such an explanation be provided, the test result will
8 be reported as negative;
9
10 h. Advising the employee of the opportunity to request analysis of the split sample within 72
11 hours of being notified of a positive result. The Company will reimburse the employee
12 for said expense if the retest result is negative. Portions of the original specimen not
13 subjected to the testing process will be placed in proper storage and retained by the
14 laboratories in case subsequent testing is requested or required.
15
16 i. Ensuring confidentiality of test results, of information provided by the employee to the
17 MRO, and of employee participation in the EAP in accordance with existing Company
18 policy and the federal regulations; and
19
20 j. Retaining all confirmed positive specimens at the laboratory for at least one year in
21 accordance with the federal regulations.
- 22
23 3. Alcohol testing will be conducted using breath samples. The instrument shall be approved
24 by the Department of Transportation as an evidentiary breath testing device and used only
25 by trained operators (Breath Alcohol Technicians). For alcohol testing, levels at or above .02
26 percent blood alcohol content will be considered positive (see para. 10).
27
- 28 4. The Company will conduct employee testing under the following circumstances:
29
- 30 a. Reasonable suspicion drug and alcohol testing covering all employees. "Reasonable
31 suspicion" means there is information that would cause a reasonable person to believe
32 that an employee has used or is impaired by alcohol or drugs. The Company will
33 use the following standards to determine when testing may be appropriate: signs of
34 impairment, such as difficulty in maintaining balance, distinct odor of drugs and/or
35 alcohol, slurred speech, abnormal or erratic behavior, or apparent inability to do assigned
36 work in a safe or satisfactory manner.
37
- 38 In addition, the Company will require that all information relied upon to initiate a
39 reasonable suspicion test be documented prior to testing, that two designated
40 individuals (at least one of whom has been trained as referenced in paragraph C.1) agree
41 that testing is appropriate and sign required documentation, and that a trained medical
42 professional concur for "observable behavior"-based testing [see para. D.4.a]. In the
43 event a Company location does not have a staffed medical facility when the employee is
44 escorted for review, a trained manager will determine whether the employee should be
45 escorted to an off-premises medical facility for the required evaluation.
46
- 47 b. Post-accident drug and alcohol testing or testing following a serious violation of a
48 safety rule or standard, covering all employees. An employee may be tested when a
49 work-related incident has occurred involving death, serious bodily injury or significant
50 property/environmental damage, or the potential for death, serious injury, or significant
51 damage, and when the employee's action(s) or inaction(s) either contributed to the
52 incident or cannot be completely discounted as a contributing factor.
53
- 54 c. Random drug and alcohol testing of designated employees as expressly required by
55 United States government agencies. The Company will use neutral selection criteria to
56 determine which of the designated employees will be tested. The Company will

- comply with random testing standards set forth in applicable government agency regulations.
- d. Follow-up drug and alcohol testing of all employees who (1) have a first-time verified positive drug or alcohol test, or (2) have a termination for performance or attendance problems held in abeyance.
- e. Pre-assignment drug testing of employees selected to transfer into or otherwise perform in a position designated for random drug testing, where pre-assignment testing is expressly required by United States government agencies.
5. Refusal to (a) take a test following adequate explanation of the consequences of refusal, (b) accept EAP referral from the MRO, (c) when required, accept EAP treatment recommendations, or (d) accept the terms and conditions of the Compliance Notification Memo shall result in corrective action, up to and including termination of employment. Failure to appear immediately for testing, or refusing to take a test, will be considered the same as a positive result.
6. The employee's written consent shall be obtained prior to collecting either a breath or urine sample.
7. For reasonable suspicion and post-accident testing only, the employee has the right to request the presence of a Union Representative at the collection site. The Union Representative shall not in any way interfere with or otherwise obstruct the collection process. The parties agree that the collection may be delayed a reasonable period, not to exceed thirty (30) minutes, to await the arrival of the Union Representative. The thirty (30) minute period will commence when the Union, to include a Union Representative, is notified.
- 8. Consequences of a Positive Test Result**
- a. No employee will be terminated because of a first verified positive test result except pursuant to D.4.d(2) above. Instead, the employee will be required to submit to EAP evaluation and, if recommended, will have a one-time opportunity to enter a treatment program. Such employees remain subject to corrective action, up to and including termination, for independent reasons.
- b. An employee who has a second verified positive test result within three years of the first such result or on a Company-administered test conducted after that period, normally will be terminated from employment.
- 9. Procedure Following a Positive Test Result**
- a. An employee will not be removed from continuous pay status because of a drug or alcohol test result until the Medical Review Officer or the Breath Alcohol Technician verifies the test result. An employee in a position designated for random testing may be administratively removed, with pay, pending the MRO review.
- b. As part of the verification process, the MRO will attempt, in accordance with applicable regulations, to contact the employee to determine whether an acceptable medical explanation for the confirmed positive result exists. The MRO will review in confidence any information provided by the employee. If the MRO determines there is an acceptable medical explanation for the positive test result, the result shall be reported as negative.
- c. After verification of a positive test result, the employee shall be placed on administrative suspension for a maximum of five (5) workdays so that an EAP assessment can be made. An appointment for an EAP assessment will be made. Failure to keep the appointment

without an acceptable excuse will result in termination of employment. The employee may be returned to work from the administrative suspension after an EAP evaluation is made and the treatment and/or education recommended begins as scheduled.

- d. The employee may not return to work until results on drug and alcohol tests administered by the Company are negative.
- e. The employee is required to accept and comply with the terms of a Compliance Notification Memo.
- f. The employee is subject to follow-up testing as directed by EAP in consultation with the MRO. A minimum of six (6) unannounced tests per year will be conducted for three (3) years of active payroll status following return to work.

10. Procedure Following a Positive Alcohol Test

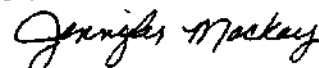
An employee having a positive blood alcohol content of .02 or greater, but less than .04, will not be required to submit to an EAP evaluation or to other provisions of the drug- and alcohol-free workplace program (see para. 8.a above), although voluntary participation will be encouraged. Such employees will, however, be removed from the assignment and suspended for the remainder of the shift. Such action shall be taken immediately when the Breath Alcohol Technician notifies management of the positive alcohol test result. If the employee's alcohol test result is .04 or greater, conditions described in paragraphs 8.a, 8.b, 9.a, and 9.c through 9.f above shall apply.

- 11. The Union reserves the right to grieve and arbitrate the question of whether the Company's program is consistent with the terms described in this letter.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

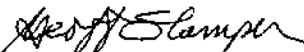
By



President

The Boeing Company

By



Director
Union Relations

COMPLIANCE NOTIFICATION MEMO ("CNM")

_____ is subject to the following requirements:
Name of Employee Employee Identifier

- Employee is **REQUIRED** to schedule an appointment with an Employee Assistance Program (EAP) counselor within one working day of issuance of this CNM. Failure to do so will result in termination of employment.
- Employee will successfully complete the required treatment and/or training program specified by the Employee Assistance Program (EAP) Counselor, and any amendments to it ("the Programs"). Employee's satisfactory participation in the Programs is required as a condition of continued employment by The Boeing Company ("the Company"), and shall continue until such time that Company's Employee Assistance Program or its designee determines that Employee's participation is no longer necessary. Changes in the Programs shall be in writing and coordinated in advance with EAP. Any failure by Employee to participate satisfactorily in the Programs (as determined in the sole discretion of EAP) or any violation of this CNM shall be sufficient grounds for Employee's termination of employment. Employee's cooperation with personnel and functions administering and monitoring the Programs is required, and any failure by Employee to cooperate will be deemed a failure to participate satisfactorily in the Programs.
- Employee will be subject to unannounced follow-up drug and alcohol testing for a three year period. A verified positive drug/alcohol test result during this period will be grounds for Employee's termination of employment.
- Employee acknowledges that medical personnel, or other personnel involved in monitoring Employee's compliance with this CNM, will be obligated to report to cognizant management information about any violation by Employee of the terms and conditions of this CNM.
- Employee will continue to be subject to corrective action, up to and including termination of employment, for reasons not related to the matters addressed in this memo.
- The terms and conditions of this CNM shall remain in effect for a period of three (3) years commencing on the date entered below under the signature of Company Official. An interruption in Employee's active employment status because of layoff, resignation, leave of absence, or any other reason will extend this period by the duration of the interruption.
- Employee ☐ IS ☐ IS NOT (check one) a member of a collective bargaining unit. Name of collective bargaining unit, if applicable: _____
Employee ☐ REQUESTS ☐ DOES NOT REQUEST (check one) union involvement in this matter.
- Discharge in Abeyance is contingent upon the concurrence of an Employee Assistance Program counselor.

ACKNOWLEDGMENT BY EMPLOYEE

Employee signature required.

I have received and read the above:

ACKNOWLEDGMENT BY THE UNION

(If Applicable)

Signature of Employee Date

Signature of Union Official Date

Printed Name of Employee Date

Printed Name of Union Official Date

1 ACKNOWLEDGMENT BY THE COMPANY

2 CONCURRENCE OF EMPLOYEE
3 ASSISTANCE PROGRAM
4 *(Required in Discharge in Abeyance only)*

5
6 _____
7 Signature of Company Official Date

8 _____
9 Signature of EAP Counselor Date

10
11 _____
12 Printed Name of Company Official Date

13 _____
14 Printed Name of EAP Counselor Date

15
16 *Original to be retained by the DFW Focal*

Attachment 5

17 **LETTER OF UNDERSTANDING**
18 **RELATING TO HEALTH AND SAFETY IN THE WORKPLACE**
19 ***(Engineering and Technical Units)***

20 The Company and the Union recognize their mutual concerns for the health and safety of employees; for
21 the exchange of information regarding issues of safety and health, such as the use and handling of
22 hazardous materials and equipment in the workplace; and for the physical conditions under which the
23 work is performed.

24 Therefore, the Union will nominate an individual to be a SPEEA representative on appropriate Product
25 Sector SHEA committees at the Company's Kent, Auburn, Renton, and Everett sites. All nominees must
26 be approved by the Company.

27 The Product Sector SHEA committees may, at their discretion, establish subcommittees as necessary to
28 investigate health and safety concerns identified by Union-represented employees. The Product Sector
29 SHEA committees will designate the members of any such subcommittee, which shall include at least one
30 Union representative.

31 The parties' longstanding commitment to individual employee safety and regulatory compliance extends
32 to issues regarding personal protective equipment and safety devices and the value of working together to
33 create an injury-free workplace. To further this commitment, the Company will provide employees up
34 to \$75 per year towards the purchase of approved safety shoes where such shoes are mandatory due to
35 regulatory compliance or Company directive. The reimbursement process utilized will be the
36 organization's existing process for reimbursement of incidental business expenses or any other mutually
37 acceptable reimbursement process.

38 In addition, the Company agrees to present to the Union, not less than annually, a review of current issues
39 regarding the physical work environment and the activities of the Corporate Safety, Health, and
40 Environmental Affairs (SHEA) organization. The Union may request additional meetings in order to
41 address its concerns. The agenda for each meeting shall be agreed to by both parties in advance of such
42 meeting.

43 Dated December 2, 2002

44 Society of Professional Engineering
45 Employees in Aerospace

The Boeing Company

46 By *James Mackay*
47
48 President

49 By *Jeff Stampler*
50
51 Director
52 Union Relations

**LETTER OF UNDERSTANDING
RELATING TO DATA REPORTS
(Engineering and Technical Units)**

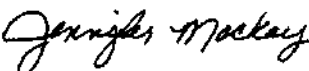
Attachment 6

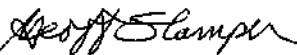
The Company will provide that data to the Union which is listed in the memorandum from the Company to the Union, dated November 4, 2002, subject to such revisions in the future as may be made by mutual agreement of the parties. Nothing herein is intended to waive any right the Union may have to receive additional data.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

The Boeing Company

By 
President

By 
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO PRINTING OF CONTRACTS
(Engineering and Technical Units)**

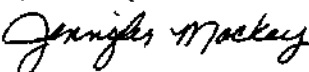
Attachment 7

The parties agree, in the spirit of labor/management cooperation, that the practice of equally sharing the costs of printing the labor agreements will be continued.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

The Boeing Company

By 
President

By 
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO EXPENDITURE OF FUNDS UNDER ARTICLE 20
(Engineering and Technical Units)**

Attachment 8

The parties have agreed in Article 20 of their Collective Bargaining Agreement that the Company will commit a minimum of \$5.5 million per contract year (December 2 - December 1) in support of the SPEEA-Boeing Ed Wells Initiative Working Together/Partnership Agreement (covering all SPEEA-represented bargaining units participating in such programs, including the Wichita Engineering Unit). The following sets forth the practices that will be followed in accounting for these funds:

1. Amounts not spent in one annual period under Section 20.5 shall carry over to the next year, but not beyond the expiration of the Agreement.
2. The Joint Policy Board shall establish an annual budget. The amount set forth in Section 20.5 shall be separately accounted for and may not be used for any other program.
3. All labor and non-labor will be treated according to current Boeing accounting practices.

4. Labor support from other divisions will be burdened at the Boeing loaned labor rate.
5. To the extent permitted by law, a trust fund will be established pursuant to the Taft-Hartley Act, 29 U.S.C. Section 186, to contract with the Union for services of any individual employed by the Union who is named to the administrative staff established by Section 20.3. The trust shall be established pursuant to a written agreement between the parties that complies with clause (B) of the proviso to 29 U.S.C. Section 186(c)(5). In addition, the terms of any contract between the trust and the Union shall provide 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: Union pension plan and package H and W 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.
6. Individuals employed by the Union who are named to the administrative staff established by Section 20.3 shall be full-time, dedicated to the administrative staff. On an exception basis, such individuals may perform Union business for brief periods of time. Time spent performing Union business will not be reimbursed through the trust as described in paragraph 5. The individuals performing Union business shall keep contemporaneous records of the dates such business was performed and the amounts of time so spent, which records shall be presented to the Company with the monthly invoices for reimbursement.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By *Jennifer Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 9

**LETTER OF UNDERSTANDING
RELATING TO ARTICLE 20 - CONFIDENTIALITY OF INFORMATION
(Engineering and Technical Units)**

It is recognized by the parties that a free flow of information between them is necessary to insure the success of the Ed Wells Initiative and the Working Together Partnership. Information which could be disclosed to the Union and to the Union Administrative Staff includes information relating to inventions, products, processes, machinery, apparatus, prices, discounts, costs, business affairs or technical data that the Company considers as confidential. In furtherance of their objective to facilitate full participation of the Union in these programs while recognizing the sensitivity of the Company's confidential information, the parties agree that any such information shall be held in confidence by the Union and the Administrative Staff and shall be used by them solely for purposes of this program. All Union Administrative Staff shall be provided a copy of this Letter of Understanding and advised of their obligations under it.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By *Jennifer Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO EMPLOYMENT STABILIZATION
(Engineering and Technical Units)**

The parties recognize that a strong, competitive Company is the only assurance of job security and that an effective employment stabilization process must balance the legitimate need for flexibility to successfully compete in a global market.

The parties have agreed to enhance the employment stabilization process through the Joint Company/Union Workforce Committee to discuss and provide relevant, necessary information on a variety of workforce-related subjects, such as skills inventory, the Performance Management process, employment forecasts, and the job posting and transfer process. The committee will meet no less than quarterly.

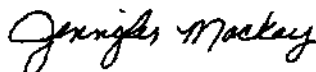
The Company also agrees to the following:

- The Joint Company/Union Workforce Committee will meet not less than annually to focus on issues relating to job security and assignment of personnel.
- The Company will provide the Union with an overview of Company policies and plans for future subcontracting and offloading that affects bargaining unit employees. Where practicable, the Company will provide advance notice to the Union of significant subcontracting decisions involving work performed by bargaining unit employees.

In summary, the parties recommit to providing for a short term and long term balance between the Company's need to successfully compete in a global economy and employees' expectations of job security.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By 
President

The Boeing Company

By 
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO NEW EMPLOYEE PROGRESS REVIEW
(Engineering and Technical Units)**

In an effort to assist new-hire employees in reaching their full potential, the New Employee Progress Review (NEPR) has been adopted to counsel new employees to encourage and stimulate job progress and growth. The NEPR can also be used to identify and constructively address performance deficiencies in a timely manner.


This program includes:

- Opportunities for a positive, constructive exchange between a supervisor and a newly-hired employee.

- Performance discussions upon completion of the 30th, 90th, 180th and 360th calendar days of employment.
- Notifying the employee of a performance deficiency.
- Developing a clear and cogent program for the employee to correct a performance deficiency.
- Providing the Union with a copy of the proposed action in a timely manner through the Company Union Relations Organization.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By 
President

The Boeing Company

By 
Director
Union Relations

Attachment 12

**LETTER OF UNDERSTANDING
RELATING TO PERFORMANCE REMEDIAL ACTION
(Engineering Units)**

In an effort to assist all employees in reaching their full potential, a process has been adopted to identify and constructively address performance deficiencies and/or an insufficient level of skills, knowledge, and abilities necessary for current assignments.

This program includes:

- Notifying the employee of the performance deficiency through issuance of a Notice of Remedial Action (NORA) form.
- Notifying the employee of the skills, knowledge and abilities necessary for current assignments.
- Developing a clear and cogent program for the employee to correct the performance deficiency and/or acquire the necessary skills, knowledge, and abilities.
- Providing the Union with a copy of the proposed action in a timely manner through the Company Union Relations Organization.

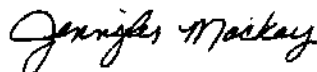
Performance criteria which may be utilized by the Company to identify potential performance deficiencies and/or an insufficient level of skills, knowledge and abilities shall be reviewed and agreed upon jointly by the Company and the Union.

In accordance with the general objectives stated in 8.2, the Union and the Company agree that employees who are identified as having performance deficiencies or inability to acquire the necessary skills, knowledge, and abilities, may be terminated or, at the Company's option, may be declared surplus to the needs of the Company and placed on layoff in accordance with 8.6(c), 8.9(b)(3) and 9.3(c) irrespective of their retention rating. Employees laid off according to those provisions will retain all rights they may have under Article 3.

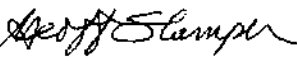
Receipt of a notice pursuant to this process shall not preclude an employee from seeking other employment within the Company, for which he or she is qualified, through the Boeing job posting process.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By 
President

The Boeing Company

By 
Director
Union Relations

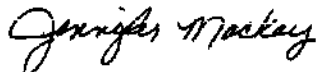
Attachment 13

**LETTER OF UNDERSTANDING
RELATING TO VOLUNTARY LAYOFFS
(Engineering and Technical Units)**

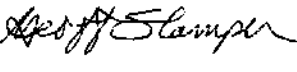
The Company and the Union agree that, any provision in the parties' Collective Bargaining Agreements to the contrary notwithstanding, an employee may request that he or she be voluntarily laid off. If the request is approved by management, the employee will be coded as a layoff and will be regarded for all Company purposes as a laid off employee, except for purposes of layoff benefits under Article 21. The Union will be advised of all employees approved for voluntary layoff.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By 
President

The Boeing Company

By 
Director
Union Relations

Attachment 14

**LETTER OF UNDERSTANDING
RELATING TO DESIGNATED EMPLOYEES
(Engineering Units)**

A mutually agreed upon process has been developed and implemented for the purpose of identifying employees who, while not subject to 8.9(b)(3), will be declared ineligible for first consideration recall rights. This process includes the following elements:

- Designated employees will be identified as part of the retention indexing process and advised in writing that, in the event of layoff during the period of time between retention indexes, they will have no first consideration recall rights.
- Designated employees must have an assigned R3 retention rating.
- Designated employees will be identified by skill teams.
- Designated employees who have one (1) full year of service and who elect to receive income continuation benefits under 21.3(b) will nevertheless be ineligible for first consideration recall rights.

1 Employees who have been so designated will be provided with an Employee Improvement Action Plan
2 which will identify the specific conditions leading to the designation and improvements necessary to avoid
3 such designations in the future. Management and the employee will have on-going discussions about the
4 employee's progress in achieving the objectives outlined in the action plan. The Company will promptly
5 notify the Union of the identities of designated employees. The identification of designated employees
6 shall not be subject to Article 3; however, designated employees may appeal the designation regardless of
7 their previous retention rating in accordance with 8.4(c)(1).
8

9 Designations pursuant to this Letter of Understanding will remain in effect until the next scheduled
10 retention review exercise.
11

12 Dated December 2, 2002
13

14 Society of Professional Engineering
15 Employees in Aerospace

The Boeing Company

16
17 By 

18 By 

19 President

20 Director
21 Union Relations
22

23 Attachment 15

24 **LETTER OF UNDERSTANDING**
25 **RELATING TO TEMPORARY RECALL**
26 **(Engineering and Technical Units)**
27

28 The parties acknowledge that Article 9 limits the use of contract personnel during workforce reductions or
29 when employees are on active recall status. The parties acknowledge further that occasionally situations
30 arise when short-term assignments require additional staffing. In the past, the Company has contracted
31 those work packages to non-Boeing entities. The Company in its sole discretion has from time to time
32 preferred to have this work performed by employees on active layoff status.
33

34 In recognition of the fact that the work under discussion involves short-term assignments, the parties agree
35 to the implementation of the process described immediately below.
36

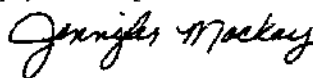
- 37 1. The process shall be known as Temporary Recall and shall be defined as the temporary
38 re-employment of individuals on active layoff status (hereinafter "employees").
39
40 2. Temporary Recall assignments may be designated for specific programs or projects with a defined
41 beginning and ending date. The normal minimum will be one (1) month and the normal
42 maximum will be six (6) months. Assignments will normally be full time (average eighty (80)
43 hours in a pay period).
44
45 3. The Company will determine which employees will be offered Temporary Recall assignments.
46 Temporary Recall will be strictly voluntary on the part of the employee. Refusing to consider an
47 employee for Temporary Recall or an employee's rejection of an offer of Temporary Recall will not
48 affect the employee's active layoff status.
49
50 4. Temporarily recalled employees will receive the same salary they were receiving prior to layoff,
51 adjusted for any general wage increases implemented between the date of their original layoff and
52 temporary recall.
53
54 5. If the temporarily recalled employee begins within one year of the original layoff effective date,
55 eligibility for coverage for medical/dental insurance, life insurance, accidental death and
56 dismemberment insurance, business travel accident insurance, long-term and short-term

disability insurance, and voluntary personal accident insurance begins on the first day of the month following the month in which the re-employment commences. If the temporarily recalled employee begins at least one year after the original layoff effective date, eligibility for coverage for such benefits begins the first day of the month following one full calendar month of continuous employment.

6. With regard to the Retirement Plan, unused sick leave, and vacation, employees on Temporary Recall will be set up in the system based on their respective layoff/recall circumstances. This will include the reactivation of unused but earned credits and the generation of future benefits consistent with standard policies. Voluntary Investment Plan contributions may be resumed, beginning on the first of the month following recall.
7. Company service will be earned beginning the first day back on the active payroll.
8. Active layoff status will not be interrupted. Filing requirements once during each half year for first consideration recall status will remain.
9. Employees on Temporary Recall will not receive a retention rating based on Temporary Recall assignments.
10. Employees on Temporary Recall will generate funds for a selective adjustment exercise if they meet contractual criteria.
11. Employees on Temporary Recall will not be eligible for layoff benefits when their Temporary Recall assignment ends.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By 
President

The Boeing Company

By 
Director
Union Relations

Attachment 16

**LETTER OF UNDERSTANDING
RELATING TO JOINT BENEFITS DISCUSSION GROUP
(Engineering and Technical Units)**

The Company and the Union are committed to ensuring that employees have access to cost effective, quality health care coverage. Because of their ongoing concern about the quality of health care and costs, the parties agree to continue their Joint Benefits Discussion Group. The group will have an equal number of representatives, including a co-chair, from each party. When appropriate, health care experts and representatives from the Company's health plans will be invited to attend group meetings. Each party may have their benefits consultants and advisors attend group meetings. The group will meet at least twice each year to discuss issues related to the health care program. The group also will meet with health care providers to express the parties' interest in obtaining quality health care at affordable prices. Among the topics the parties will consider and discuss are:

- Boeing Traditional Medical Plan experience, Coordinated Care Plan and Health Maintenance Organization costs and experience.

- Cost management programs, health plan accountability for quality and efficiency, and provider quality.
- Measurement tools for evaluating health plans, including accreditation from a nationally recognized group such as the National Committee for Quality Assurance (NCQA).
- Benchmark data from other employers.
- Patient safety initiatives designed to improve the health of employees and thereby reduce overall medical costs with the understanding that such health care initiatives will embrace certain medical plan design principles.

Other benefit issues may be discussed from time-to-time at the request of either party.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *James Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 17

LETTER OF UNDERSTANDING
RELATING TO PART-TIME EMPLOYMENT
(Engineering Units)

The Company and the Union agree that employee requests to be placed on part-time work schedules to assist employees with personal concerns may be authorized when compatible with Company schedules and needs. The term "part-time work schedule" shall mean a work schedule consisting of a seven-day cycle with fixed days and hours of work that are less than forty (40) hours over one regular workweek, or a fourteen-day cycle with fixed days and hours of work that are less than eighty (80) hours over two regular workweeks. No minimum or maximum number of hours will be required, but fixed days and hours of work must be established. A part-time schedule must be approved by the employee's immediate and second-level management and is applicable only to the particular position the employee occupies when the schedule is approved. Management may request an employee on a part-time work schedule to return to work on a full-time basis regardless of the employee's retention index when part-time work is no longer appropriate.

Employees on part-time work schedules will be subject to all provisions of the Agreement and the provisions of PRO-522 dated May 8, 2002.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *James Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO JOINT COMPENSATION DISCUSSION GROUP
(Engineering and Technical Units)**

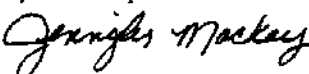
The parties enter this letter of understanding to express their intent to continue their Joint Compensation Discussion Group.

The discussion group shall meet no less than annually during the term of this Agreement. Subjects for discussion may include the Company's compensation philosophy, market relationships, and the salary planning process.

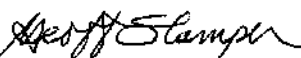
It is understood that the group is established solely for purposes of discussion, and that the group is not a forum for making recommendations or seeking agreement. Group discussions shall not reopen the parties' Agreement or affect Article 2 thereof.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By 
President

The Boeing Company

By 
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO SHAREVALUE PROGRAM
(Engineering and Technical Units)**

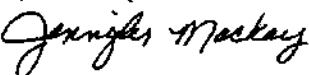
The Company and the Union agree that all eligible represented employees may participate in the Boeing ShareValue Program (also known as the ShareValue Trust) for the duration of this Agreement. The parties agree that the Company's success depends upon the ability to return long-term value to the shareholders. The intent of this incentive program is to help inform employees about what makes a business run and produces shareholder value, and to allow employees to share in the results of their efforts to increase shareholder value.

Employees will be eligible to participate in accordance with the governing provisions of the ShareValue Program as set forth in the official Program documents. In the event of any conflict between this Letter of Understanding and the official ShareValue Program documents, the official ShareValue Program documents will prevail in every case.

Eligible participants will proportionally share in a ShareValue Program distribution based on the number of months they were eligible to participate during any investment period falling within the term of this Agreement or any preceding Agreement that provided for their participation in the ShareValue Program.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By 
President

The Boeing Company

By 
Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO VIRTUAL OFFICE/TELECOMMUTING
(Engineering and Technical Units)**

The parties enter into this Letter of Understanding as a result of the implementation of the Virtual Office/Telecommuting Program. Following is a summary of the general provisions of this Program as they apply to exempt and non-exempt SPEEA-represented employees.

Telecommuting or "Work at Home" and other aspects of the Virtual Office have proven to be a viable work option that, when appropriately applied, benefit both the Company and the individual. The Virtual Office provides a balance between the tasks that are the responsibility of each individual and the requirements of each team and group.

The Virtual Office is a cooperative agreement between the manager and the employee, not an entitlement, and is based on (1) the needs of the job assignment, work group and the Company, and (2) the employee's past and present levels of performance and defined personal characteristics. Participation in the Virtual Office Program is entirely voluntary and may be terminated by the employee, his/her manager, or the Company at any time.

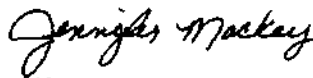
The employee's duties, obligations, responsibilities and conditions of employment with the Company remain unchanged. Employees remain obligated to comply with all Company rules, policies, practices and instructions.

The detailed terms and conditions of this Program are covered in the Virtual Office Program procedure, PRO - 497, which is subject to change at the Company's discretion.

Disputes concerning the content of this Letter of Understanding shall not be subject to the grievance and arbitration procedure of Article 3. Nothing in this Letter waives any rights reserved in Article 2.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By 
President

The Boeing Company

By 
Director
Union Relations

Attachment 21

**LETTER OF UNDERSTANDING
RELATING TO THE TRAVEL CARD PROCESS
(Engineering and Technical Units)**

The Company and the Union enter this Letter of Understanding to memorialize their agreement to continue to monitor the process of paying business travel expenses and their ongoing mutual commitment for improvements in the same.

The parties agree to continue their joint committee, consisting of two representatives each from the Company and the Union. The purpose of the committee is to review issues, suggest short term and long term process improvements, and address any concerns with the process. The committee will, through mutual agreement, recommend solutions to the Company's travel card process owners (currently Shared Services Travel Accounting/Finance Group). The committee will meet as necessary but no less than quarterly.

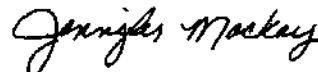
In addition to the terms and conditions defined by the Company, the following provisions continue to apply to the travel card process:

1. Employees will not be required to pay the card company for authorized business expenses before receiving payment from Travel Accounting so long as the delay in receiving that payment is due to the Company's neglect of factors outside the employee's control.
2. If due to obvious employee neglect, payment to the card company is not made within sixty (60) days of receiving the invoice, the employee will be responsible for paying a 2.5 percent fee plus \$10. The Company will pay any such fees that are incurred due to its neglect or because of process delays outside the employee's control. Any dispute over the imposition of such fees will be subject to Article 3.
3. In the event an employee has a disputed billing with the card company, the employee shall follow the guidelines for dispute resolution listed on the reverse side of the travel card invoice. The employee may contact Travel Accounting for assistance, and both will work cooperatively to resolve disputes.
4. Payment delinquencies will not be reported to a credit bureau unless the card company prevails in an action to collect the unpaid debt. Such legal action shall not commence unless the unpaid invoice is the employee's responsibility and the invoice has been left unpaid for over 250 days.
5. Authorized management may exempt employees who engage in extensive/frequent travel or for whom special circumstances exist from the decentralized billing process. Any employee shall be free to request an exemption.
6. The Company will take reasonable steps to preserve the confidentiality of the employee's personal and financial information related to the use of the travel card, and will use such information only for legitimate business reasons. Such information will not be used for solicitations for activities not related to company travel.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

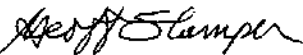
By



President

The Boeing Company

By



Director
Union Relations

Attachment 22

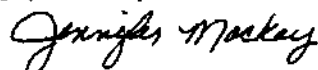
**LETTER OF UNDERSTANDING
RELATING TO FREQUENT FLIER MILEAGE
(Engineering and Technical Units)**

The Company agrees that frequent flier mileage for business travel will be credited to personal employee accounts and may be applied towards personal travel. Employees must continue to comply with Company directives and Boeing Travel Office procedures including those designed to minimize travel-related costs without regard to frequent flier mileage program considerations.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

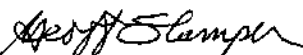
By



President

The Boeing Company

By



Director
Union Relations

**LETTER OF UNDERSTANDING
RELATING TO SPEEA ACCESS
TO THE BOEING WEB
(Engineering and Technical Units)**

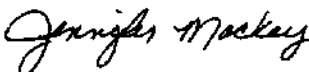
The parties hereby agree that SPEEA shall have access to the Boeing internal Web page. To that effect, the parties agree as follows:

1. SPEEA shall maintain the confidentiality of all information, data and computer programs ("Information Assets") to which SPEEA has access, along with any passwords or access procedures given to facilitate access to "authorized SPEEA users".
2. SPEEA shall only access the Information Assets specified by the Boeing Computing Access Focal Point, and then only in accordance with the access procedures.
3. SPEEA shall not access any other Information Assets not approved by the Boeing Computing Access Focal Point.
4. SPEEA shall not remove any Information Assets from Boeing computing systems, or delete, change or otherwise modify any Information Assets.
5. Access to Information Assets marked "Boeing Limited" or bearing Government classified markings is strictly prohibited.

The Company may re-evaluate access at any time. Any decision by the Company to withdraw access shall not be subject to the provisions of Article 3.

Dated December 2, 2002

**Society of Professional Engineering
Employees in Aerospace**

By 
President

The Boeing Company

By 
Director
Union Relations

Attachment 24

**LETTER OF UNDERSTANDING
RELATING TO SALARY REVIEW CONSIDERATION
UPON RETURN FROM LEAVE OF ABSENCE
(Engineering and Technical Units)**

The parties enter this Letter of Understanding to address the subject of consistency in salary review decisions for employees returning to work from approved leave of absence.

The Company agrees to develop a process to provide a consistent review of employees' salaries as they return to work from approved leave of absence, giving consideration to various factors, such

as peer review, additional experience and education obtained, and other factors as deemed appropriate.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *Jennings Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 25

**LETTER OF UNDERSTANDING
RELATING TO LUMP SUM CASH PAYMENT
(Engineering and Technical Units)**

The Company agrees to pay employees covered by this Agreement and on the active payroll or approved leave of absence on December 2, 2002 a lump sum payment equal to six (6) percent of an employee's bargaining unit gross earnings during the period from December 1, 2001 through November 30, 2002, less applicable withholding, if this agreement is ratified on or before December 2, 2002.

Bargaining unit gross earnings means that portion of an eligible employee's total earnings while in the bargaining unit which is computed at the employee's base rate on regular hours worked, sick leave hours (including those paid from FSP funds), vacation hours, holiday hours, and leave with pay hours; at the overtime rate for all compensated overtime hours worked. All other payments to an employee, imputed or otherwise, including this lump sum payment, are excluded from bargaining unit gross earnings for purposes of computing his or her lump sum.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *Jennings Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 26

**LETTER OF UNDERSTANDING
RELATING TO RETRAINING SKILL TRANSITION
(Engineering Units)**

Employees selected by management to participate in a program of formal training in a field outside their current prime skill designation, which training is conducted or approved by the Company, and employees who at management's request transfer from one major functional area to another for a Company-sponsored skill transition and retraining program will be assigned a unique skill code upon entering the training program or upon transfer to the new functional area respectively. The trainee shall retain this unique code for a period of six (6) months following completion of training or transfer to the new functional area, as the case may be, in order to allow time for the trainee to demonstrate his/her adaptability to the new assignment.

During the period in which the trainee is assigned the unique code, he or she will retain the retention rating held at the time of assignment to the unique code.

In the event a surplus is declared in the trainee's new assignment and if the trainee's retention rating would cause him or her to be an individual surplus, the trainee will be returned for assignment to an area under his or her last held regular assigned primary skill code and the retention rating of record.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *James Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 27

LETTER OF UNDERSTANDING
RELATING TO PROMOTIONS
(Engineering Units)

For each review period below, the Company will spend at least one half of one percent (.5%) of the total unit salaries as of the start date of the review period on adjustments accompanied by a change in level (promotion). In the event less than .5% is spent during the review period, the delta between the actual expenditure and .5% will be added to the next salary adjustment fund. The minimum promotional increase will be \$3,000.

Review period	Start date	End date
One	December 2, 2002	January 23, 2004
Two	January 24, 2004	January 21, 2005
Three	January 22, 2005	December 1, 2005

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

By *James Mackay*
President

The Boeing Company

By *Geoff Stampler*
Director
Union Relations

Attachment 28

LETTER OF UNDERSTANDING
RELATING TO THE USE OF EMPLOYEE SKILLS INVENTORY
(Engineering and Technical Units)

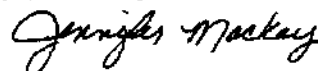
The Company and the Union enter this Letter of Understanding to address the practice of identifying and maintaining an employee's skills inventory.

The Company will explore viable options and will engage in discussions with the Union about employee skills inventory as it relates to the matching of employee skills to resource requirements.

Dated December 2, 2002

Society of Professional Engineering
Employees in Aerospace

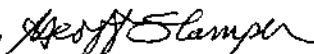
By



President

The Boeing Company

By



Director
Union Relations

.....

SIDE LETTER
SPEEA & BOEING - JOINT COMMITMENT
(Engineering and Technical Units)
November 8, 2002

The recent, significant reductions in employment in Commercial Airplanes have been very painful for everyone involved. The negative effects on both morale and productivity have been substantial. This, along with the continued difficult economic conditions, have resulted in a great deal of focus on both job security and our future.

SPEEA and the Company understand the impact these issues have on employees and their careers, and are developing constructive approaches to address them. The foundation of our company's success is the technical workforce, and it is clear that business success starts with commitment to people first. This commitment must be demonstrated by our actions, and our agreement to form a real partnership is an important step forward.

As we all know, job security is enhanced by preparing ourselves to compete more effectively in a dynamic, global marketplace. SPEEA and the Company are jointly committed to a number of critical initiatives where we will work together for the mutual success of employees, SPEEA and Boeing. These include:

- Breakthrough improvements in productivity and morale through effective utilization
- Retention and transfer of key knowledge
- Restructuring and reorganizing our company and team
- Alignment of our product definition teams internally and externally to improve quality, cost and cycle time of our products
- Exploring more effective ways to link compensation to productivity
- Improved approaches to increase stabilization of employment levels
- Life-long learning as an investment in our knowledge and skills

We have recently completed a study on external alignment with our BCA Landing Gear Design Center team. The engagement of the employees directly involved in the process under examination has provided us with some key insights into both the benefits and obstacles to external alignment. One outcome is a new plan to primarily align our teams with their true internal customers, and then consider external alignment from a more strategic view when warranted.

In addition, we have been studying approaches to achieve dramatic improvements in productivity, again using employee engagement as the primary approach to change. This study has modeled the effects of normal attrition over the next five years, and confirms that we must double our productivity over the next five years if we are to avoid another wave of significant employment increases as the airline industry recovers from the current downturn.

As we define and implement these key initiatives, our desire is that we use attrition whenever practical to accomplish any further reductions in employment and avoid layoffs in the future. However, due to the cyclical nature of our business, it is difficult to predict and control conditions that affect employment levels. Therefore, to the extent practical, the Company will provide job transition support and services to the technical workforce affected by employment reductions through, but not limited to, the following:

- Skills retraining (Ed Wells Initiative)
- Career Transition Services
 - Career Counseling
 - Resume preparation
- Boeing Enterprise Staffing System (BESS)
- Intellectual capital management
- Skills management through Process Councils and Skill Teams
- Partnerships with local educational institutions
- Financial counseling
- Medical benefits continuation
- Income benefits continuation (involuntary layoff only)

Our plan is to begin implementation of key initiatives and process changes now. Concurrently, we will begin programs for knowledge retention & transfer and skill retraining to support employees as Boeing transitions over time. We have committed additional funds to the Ed Wells Initiative and expanded it to include the joint partnership efforts. We will also re-energize our Joint Workforce Committee to allow continued discussion on these important topics.

Lastly, we will continue to work together to build a positive and successful future for our company and our team.

ATTACHMENT A

SOCIETY OF PROFESSIONAL ENGINEERING EMPLOYEES IN AEROSPACE

GROUP BENEFITS PACKAGE

- Life Insurance
- Accidental Death and Dismemberment
- *Short Term Disability*
- Medical
- Dental

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THE PACKAGE

The Package includes:

- Life Insurance Plan
- Accidental Death and Dismemberment Plan
- Short Term Disability Plan
- Medical Plans
- Dental Plans

SECTION 1.
ELIGIBLE EMPLOYEES

Employees eligible for the Package are active Boeing salaried employees represented by the Society of Professional Engineering Employees in Aerospace. The employee is not eligible to enroll if he or she is working in a capacity that, at the sole discretion of the plan administrator, is considered contract labor or independent contracting.

SECTION 2.
ELIGIBLE DEPENDENTS

Dependents eligible for the medical and dental plans are the employee's legal spouse and children (natural children, adopted children, children legally placed with the employee for adoption, and stepchildren) who are under age 25, unmarried, and dependent on the employee for principal support, including children who are attending school.

An employee may request coverage for the following dependents:

1. A common-law spouse if the relationship meets the common-law requirements for the state in which the employee entered into the common-law relationship.
2. A same-gender domestic partner if the employee and same-gender domestic partner meet all of the following requirements. The employee and partner must be:
 - a. Of the same gender.
 - b. Eighteen years of age or older.
 - c. Financially interdependent and share the same residence.
 - d. Not married to or legally separated from another person or involved in another same-gender domestic partner relationship.
 - e. Not blood relatives of a degree of closeness that would prohibit marriage.

A same-gender domestic partner is considered a spouse for the purpose of the medical and dental plans. The employee must complete an Affidavit of Domestic Partnership to cover a same-gender domestic partner under the medical and dental plans.

3. Unmarried children of the employee's same-gender domestic partner who are under age 25. These children are considered stepchildren for the purpose of the medical and dental plans. The Affidavit of Domestic Partnership requirement applies.
4. Other children, as follows, who are under age 25, unmarried, and dependent on the employee for principal support, including children who are attending school:
 - a. Children who are related to the employee either directly or through marriage (e.g., grandchildren, nieces, nephews).
 - b. Children for whom the employee has legal custody or guardianship, or has a pending application for legal custody or guardianship, and are living with the employee.

Annual certification of eligibility is required to continue coverage for children from age 19 through age 24.

1 In accordance with federal law, the Company also provides medical and dental coverage to certain
2 dependent children (called alternate recipients) if the Company is directed to do so by a qualified
3 medical child support order (QMCSO) issued by a court or state agency of competent jurisdiction.

4
5 Documentation is required to request coverage for a child named in a QMCSO, for a child for whom the
6 employee has been given legal custody or guardianship, or for a same-gender domestic partner or his or her
7 children.

8 9 **A. Special Provisions When Family Members Are Boeing Employees**

10
11 No person may be covered both as an employee (active or retired) and as a dependent under any type
12 of plan offered by Boeing, and no person will be considered a dependent of more than one
13 employee. Eligible dependents do not include other Boeing employees covered under any Company-
14 sponsored plan providing medical, vision care, prescription drug, dental, or similar services. However,
15 if a dependent spouse is also a part-time Boeing employee, the spouse and eligible dependent children
16 are considered eligible dependents if other Boeing coverage is waived. If the employee and spouse both
17 are Boeing employees and have dependent children, the parents may elect medical and dental
18 coverage for eligible children under one parent's plans. As an alternative, parents may elect medical
19 coverage for eligible children under one parent's plan and dental coverage under the other parent's
20 plan. In either case, all eligible children must be enrolled in the same medical plan and the same
21 dental plan (except as required by a QMCSO). The same provisions apply to a same-gender
22 domestic partner and his or her children.

23 24 **B. Incapacitated Children**

25
26 A disabled child age 25 or older may continue to be eligible (or enrolled if the employee is a newly
27 eligible employee) if he or she is incapable of self-support due to any mental or physical condition that
28 began before age 25. The child must be unmarried and dependent on the employee for principal
29 support. Coverage may continue under the medical and dental plans for the duration of the
30 incapacity as long as the employee continues to be eligible under the plans and the child continues to
31 meet these eligibility requirements.

32
33 Special applications for coverage are required for disabled dependent children age 25 or older.

34 35 36 37 **SECTION 3.** 38 **HOW TO ENROLL**

39 40 **A. Life Insurance, Accidental Death and Dismemberment, and Short Term Disability Plans**

41
42 Employees automatically are enrolled in the Life Insurance, Accidental Death and Dismemberment,
43 and Short Term Disability Plans when eligible. The employee may designate a beneficiary for life and
44 accident benefits through the Boeing Service Center.

45 46 **B. Medical Plans**

47
48 In designated locations, the Company provides employees with a choice among medical plans. The
49 Traditional Medical Plan offers enhanced benefits when a member of its network is used. Coordinated
50 care plans and health maintenance organizations (HMOs) also rely on selected networks of providers.

51
52 Employees receive enrollment instructions at the time of employment and may elect medical coverage
53 under one medical plan by the date indicated on the enrollment worksheet. All family members,
54 including the employee, must be enrolled in the same medical plan, except as specified in Section 2.A.

55
56 The Company provides medical coverage as follows:

1. Employees who live or work in a coordinated care plan or HMO service area may enroll in a coordinated care plan, HMO, or the Traditional Medical Plan.
2. Employees who do not live or work in a coordinated care plan or HMO service area may enroll in the Traditional Medical Plan.

Some coordinated care plans and HMOs do not offer same-gender domestic partner coverage.

3. Each employee with a spouse (or same-gender domestic partner) enrolled in a Company-sponsored plan must provide information regarding coverage available through another employer to determine whether or not special contributions are required to enroll the spouse. If the employee does not authorize a required contribution, the spouse will not be enrolled for medical coverage. The employee will not be able to enroll the spouse until the earlier of:
 - a. The next annual enrollment period.
 - b. The date the spouse loses the option to be covered under the other employer-sponsored medical plan.

The Company will require periodic verification of data.

C. Dental Plans

Employees in certain areas are offered three (3) dental plans: the Scheduled Dental Plan, Preferred Dental Plan, and Prepaid Dental Plan. In certain areas, provider networks for the Preferred Dental Plan and/or Prepaid Dental Plan may not be available and employees are offered only the Scheduled Dental Plan. Employees receive enrollment instructions at the time of employment and may elect dental coverage under one dental plan by the date indicated on the enrollment worksheet. All family members, including the employee, must be enrolled in the same dental plan except as specified in Section 2.A.

The Company provides dental coverage as follows:

1. The Company provides coverage under the Scheduled Dental Plan, Preferred Dental Plan, or Prepaid Dental Plan for employees who live in a service area of the Preferred Dental Plan or Prepaid Dental Plan.

Under the Prepaid Dental Plan, employees must select a participating provider from the prepaid provider network. No dental benefits are payable until the employee selects a participating provider.

2. The Company provides dental coverage under the Scheduled Dental Plan to employees who do not live or work in a service area of the Preferred Dental Plan or Prepaid Dental Plan.

D. Annual Enrollment Period

The Company establishes an annual enrollment period when employees may change medical and/or dental plans.

E. Special Enrollment

If an employee declines dependent enrollment in the medical and dental plans because of other employer-sponsored health care coverage (such as through a spouse's employer), the employee may be able to enroll eligible dependents in the Company-sponsored medical and dental plans during the year as long as enrollment is within sixty (60) days after other coverage ends.

If an employee declines dependent enrollment when first eligible and the dependent's other health care coverage was through continuation coverage from a previous employer (coverage mandated by the

Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA), the dependent must exhaust his or her COBRA coverage to be eligible for the special enrollment period.

If a dependent's other health care coverage was not through COBRA, the coverage loss must be due to loss of eligibility for the health care coverage (including from divorce, death, termination of employment, or reduction in hours of employment) or termination of employer contributions toward such coverage.

If an employee has a new dependent as a result of marriage, entering into a same-gender domestic partner relationship, birth, adoption, or placement for adoption, the employee may enroll the new dependent during the year as long as enrollment is requested within one hundred twenty (120) days after the qualified event. See "Changes in Status," Section 3.E for more information.

E. Changes in Status

An employee will not be able to make enrollment changes until the next annual enrollment period unless the employee experiences one of the qualified changes in status described in this section. Any change in enrollment must be consistent with the change in status. To be consistent, the event must cause the employee or family member to gain or lose eligibility for Company-sponsored employer health care coverage or health care coverage sponsored by a spouse's or dependent child's employer, and the election change must be on account of and correspond with the employee's or employee's family member's gain or loss of eligibility. Qualified changes in status include the following:

1. The employee marries, divorces, or becomes legally separated, or the marriage is annulled.
2. The employee enters into or dissolves a same-gender domestic partner relationship.
3. The employee acquires a new, eligible dependent child, such as by birth, adoption, or placement for adoption.
4. The employee's spouse or dependent child dies.
5. The employee's spouse or dependent child starts or stops working.
6. The employee, spouse, or dependent child has any other change in employment status that affects eligibility for coverage such as changing from full time to part time (or part time to full time), salaried to hourly (or hourly to salaried), strike or lockout, or beginning or returning from a leave of absence.
7. The employee, spouse, or dependent child experiences a significant increase in the cost of employer-sponsored health care coverage or the employer-sponsored health care coverage ends, including expiration of COBRA coverage.
8. The employee, spouse, or dependent child experiences a significant curtailment or cessation of employer-sponsored health care coverage.
9. The employee, spouse, or dependent child becomes eligible or ineligible for Medicare or Medicaid.
10. The employee's dependent child becomes eligible for, or no longer is eligible for, health care coverage due to age limits, student status, or a similar eligibility requirement.
11. The employee's spouse or dependent child makes an enrollment change in his or her employer-sponsored health care coverage, either because of a qualified change in status or an annual enrollment.

12. The employee, spouse, or dependent child changes place of residence or work, affecting access to care within the current plan.
13. The employee is transferred to a different division, affecting eligibility for benefits under Company-sponsored health care plans.

The employee also may change an election to comply with a qualified medical child support order (QMCSO) to provide or cancel coverage for a child resulting from a divorce, annulment, or change in legal custody.

In most situations, the employee must request enrollment within sixty (60) days after the qualified event. An employee can enroll a new dependent within one hundred twenty (120) days following the employee's marriage or entering into a same-gender domestic partner relationship or a dependent child's birth, adoption, or placement for adoption. To request enrollment for a new dependent more than sixty (60) days but within one hundred twenty (120) days after marriage, entering into a same-gender domestic partner relationship, birth, adoption, or placement for adoption, the employee must call the Boeing Service Center and speak with a customer service representative. In all cases, the employee must provide the Boeing Service Center with any required supporting documentation within thirty-one (31) days of the date the enrollment is requested or the coverage change request will be denied.

If the employee is enrolled in a coordinated care plan, HMO, Preferred Dental Plan, or Prepaid Dental Plan and moves out of the service area, the employee can enroll in a plan available in the new location by calling the Boeing Service Center.

SECTION 4. EFFECTIVE DATE OF COVERAGE

A. Employees

For newly hired employees, the Package becomes effective as follows:

1. Medical and dental coverage becomes effective on the first day of the month following the employee's first day of employment.
2. Life insurance, accidental death and dismemberment, and short term disability coverage becomes effective on the first day of the month following the employee's first day of employment, provided the employee is actively at work on that date.

To be an eligible employee in any subsequent calendar month, the employee must be on the active payroll on the first day of that month.

For coverage during a leave of absence, see Section 21.

An employee enrolled in medical coverage must make any required contributions.

B. Dependents

Current eligible dependents are covered for medical and dental benefits on the same date the employee's coverage is effective. Eligible dependents acquired after the employee's coverage is effective become covered on the date of marriage or entering into a same-gender domestic partner relationship, date of birth, or date the child is legally placed with the employee for adoption, if application is made within one hundred twenty (120) days of the event. For other newly eligible dependents, coverage is effective on the date dependency is established, if application is made within sixty (60) days of the event.

The employee authorizes required contributions when enrolling eligible dependents.

SECTION 5.
COMPANY AND EMPLOYEE CONTRIBUTIONS

Company and employee contributions for the Group Benefits Package are described in Article 16 – Group Benefits.

SECTION 6.
LIFE INSURANCE PLAN

The life insurance benefit is equal to two and a quarter (2-1/4) times the employee's base annual salary up to a maximum benefit of \$500,000. The coverage amount is rounded to the next highest \$1,000 if it is not already an even \$1,000. The total amount is payable in the event of the employee's death from any cause at any time or place while covered. Payment is made in a lump sum or installments to the designated beneficiary. The employee may change beneficiaries any time by contacting the Boeing Service Center.

If the employee becomes permanently and totally disabled while covered and before age 60 from any cause, the life insurance benefit will remain in force, without cost to the employee, as long as the employee remains disabled. If an employee becomes permanently and totally disabled between ages 60 and 65, the life insurance benefit will be continued without premium payment until the earlier of the employee's recovery or attainment of age 65. Proof of disability must be furnished within twelve (12) months of the date active work ends.

The disability must have existed continuously for six (6) months and be expected to keep the employee, for life, from performing any work for compensation or profit.

If the employee recovers but does not return to work, all coverage terminates. The employee may then convert the total amount of the life insurance benefit under the conversion of benefits provision.

SECTION 7.
ACCIDENTAL DEATH AND DISMEMBERMENT PLAN

Accidental death and dismemberment benefits are paid if the employee's loss of life, paralysis, or loss of limbs, eyesight, speech, or hearing is caused by a covered accident (including an occupational accident) that occurs while the employee is covered under the Plan.

The full principal sum, \$25,000, is paid to the beneficiary if the employee dies. This amount is in addition to any amount payable under the Life Insurance Plan.

The following benefits are payable if the covered injury causes any of the following losses within 365 days after the covered accident:

Loss of	Percentage of Principal Sum
Life	100%
Quadriplegia	100%
Both Hands or Both Feet	100%
Sight of Both Eyes	100%
One Hand and One Foot	100%
One Hand and the Sight of One Eye	100%
One Foot and the Sight of One Eye	100%
Speech and Hearing in Both Ears	100%

Loss of	Percentage of Principal Sum	
Paraplegia	75%	1
Hemiplegia	50%	2
One Hand or One Foot	50%	3
Sight of One Eye	50%	4
Speech or Hearing in Both Ears	50%	5
Hearing in One Ear	25%	6
Thumb and Index Finger of Same Hand	25%	7
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"Loss" of a hand or foot means the complete severance through or above the wrist or ankle joint. "Loss" of sight of an eye means the total and irrecoverable loss of the entire sight in that eye. "Loss" of hearing in an ear means the total and irrecoverable loss of the entire ability to hear in that ear. "Loss" of speech means the total and irrecoverable loss of the entire ability to speak. "Loss" of a thumb and index finger means the complete severance through or above the metacarpophalangeal joint of both digits.		12
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"Quadriplegia" means the complete and irreversible paralysis of both upper and both lower limbs. "Paraplegia" means the complete and irreversible paralysis of both lower limbs. "Hemiplegia" means the complete and irreversible paralysis of the upper and lower limbs of the same side of the body. "Loss" of a limb means the loss of an entire arm or entire leg.		18
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"Injury" means bodily injury caused by an accident occurring while the employee is covered under the Plan, and resulting directly and independently of all other causes in death or loss as listed above.		23
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If more than one loss is sustained by the employee as a result of the same accident, no more than one hundred (100) percent of the principal sum will be paid.		27
		28
		29
If the employee is unavoidably exposed to the elements due to an accident occurring while covered under this Plan, and as a result of such exposure suffers a loss for which a benefit is otherwise payable, the loss will be covered under the terms of this Plan.		30
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		33
If the employee's body has not been found within one year of the disappearance, forced landing, stranding, sinking, or wrecking of a vehicle in which he or she was an occupant while covered under this Plan, the loss will be covered as an accidental death under the terms of the Plan.		34
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No Plan benefits will be paid for a death or loss caused in whole or in part by, or resulting in whole or in part from:		38
		39
		40
1. Suicide or intentionally self-inflicted injury.		41
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2. Declared or undeclared war or act of declared or undeclared war occurring in the continental limits of the United States, unless it is an act of terrorism.		43
		44
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"Terrorism" means any violent act that is intended to cause injury, damage, or fear and that is committed by or purportedly committed by one or more individuals or members of an organized group to make a statement of the individual's or group's political or social beliefs, concepts, or attitudes and/or to intimidate a population or government into granting the individual's or group's demands.		46
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3. An illness, sickness, disease, bodily or mental infirmity, medical or surgical treatment, or bacterial or viral infection, regardless of how contracted, except bacterial infection resulting from an accidental cut or wound or accidental food poisoning. However, if a covered loss results from medical or surgical treatment of an injury, benefits will be provided for the loss.		52
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SECTION 8.
SHORT TERM DISABILITY PLAN

The Short Term Disability Plan pays a weekly benefit if the employee becomes *totally disabled* as a result of an accidental injury or illness, including a pregnancy-related condition, while covered under the Plan.

Benefits under the Plan begin after the disability has lasted seven (7) consecutive days. Following this waiting period, the disabled employee receives a weekly benefit based on the employee's *weekly salary* according to the schedule of benefits in the table below.

SHORT TERM DISABILITY BENEFIT SCHEDULE

Benefit Period	Benefit Amount
Week 1	Waiting period; no benefits paid under the Plan
Weeks 2 through 1380% of weekly salary
Weeks 14 through 2660% of weekly salary

Short term disability benefits for full-time employees are determined using the *weekly salary* reflected in Boeing Service Center records at the time the disability first begins. Short term disability benefits for part-time employees are based on the employee's average *weekly salary* for the six weeks immediately preceding the date of disability.

The disabled employee's benefit may be adjusted for certain other income benefits and rehabilitative employment. There is no minimum or maximum benefit payment under the Plan.

To receive short term disability benefits, the employee must be *totally disabled*. The employee also must be under the continuous care of a legally qualified physician throughout the employee's period of total disability. All determinations of total disability are made by the *service representative* within the terms of its contract with the Company.

Short term disability benefits are paid as shown in the Short Term Disability Benefit Schedule above while the employee continues to be *totally disabled*. Benefits end at the earliest of the following dates:

1. The date the employee no longer is *totally disabled*.
2. The end of the employee's maximum benefit period.
3. The date the employee dies.

A period of disability ends when the employee returns to work for one full day.

After short term disability benefits have become payable, if the employee returns to work, then again is unable to work as a result of being *totally disabled*, the second period of disability is considered a continuation of the prior period of disability, provided:

1. The second period of disability is the result of the same or a related condition, and
2. The period of recovery during the benefit payment period is for a total of 60 or fewer days.

The Short Term Disability Plan does not cover any disability due to:

1. Intentionally self-inflicted injury (while sane or insane).
2. The employee committing, or attempting to commit, an assault, battery, or felony.

3. War or any act of war (declared or not declared). The Plan does, however, pay for disabilities caused by an act of war while the employee is traveling on business for the Company.
4. Insurrection, rebellion, or taking part in a riot or civil commotion.
5. Military duty other than temporary active duty of less than 31 days.

The employee is not considered to be disabled, and no benefits are paid, for any day the employee is confined in a penal or correctional institution for conviction of a criminal or other public offense.

SECTION 9. CHANGES IN AMOUNT OF LIFE INSURANCE AND SHORT TERM DISABILITY BENEFITS

If the employee's base annual salary and *weekly salary* is changed either upward or downward, the employee's amount of life insurance and short term disability benefit automatically changes. The effective date of the change in each benefit is the first day of the month coinciding with or following the date the Boeing Service Center is notified of the employee's change in salary. However, if the employee is not *actively at work* on such date, the effective date of the change in each benefit is the first day of the month coinciding with or following the employee's return to active work. Any retroactive change in an employee's base annual salary and *weekly salary* is not applicable in determining the amount of life insurance and short term disability benefit. If a period of disability has started, a change in *weekly salary* does not change the short term disability benefit amount.

SECTION 10. MEDICAL PLANS - SCHEDULE OF BENEFITS

In designated locations, the Company provides employees with a choice among medical plans. The Traditional Medical Plan is a Preferred Provider Organization (PPO) plan that offers enhanced benefits when a member of its provider network is used. Coordinated care plans and health maintenance organizations (HMOs) also rely on selected networks of providers. Benefits are subject to all provisions of the selected plan, including medical review requirements, maximum benefits, coordination of benefits, exclusions, and definitions. If a coordinated care plan or HMO plan does not offer the negotiated plan design, the Company will substitute the closest available plan design.

A. Preventive Care Services

The following preventive care services are provided according to network guidelines.

1. Routine physical examinations for employees and spouses and routine screening examinations for employees and dependents.
2. Routine well-baby and well-child care, including periodic examinations, preventive immunizations, and inoculations as prescribed by a physician.

B. Covered Medical Services and Supplies

The plans provide benefits according to network guidelines for the following medically necessary services and supplies required for the diagnosis and/or therapeutic treatment of a nonoccupational accidental injury or illness or medically necessary treatment of certain listed conditions.

1. Physician services, including office visits, consultation for a second or third opinion, surgery, and hospital visits. An initial chiropractic examination, including initial X-rays, is covered. Benefits for manipulation of the spine and the extremities are limited to twenty-six (26) visits each year.

2. Services provided by other licensed health care professionals.
 - a. Diagnostic X-ray and laboratory services.
 - b. Physical, occupational, and speech therapy to restore function. Services must be prescribed by a physician.
 - c. Neurodevelopmental therapy for children age six or younger.
3. Medical equipment, services, and supplies.
 - a. Ambulance services.
 - b. Durable medical equipment.
 - c. Hearing aids.
 - d. Hemodialysis.
 - e. Home medical equipment.
 - f. Orthopedic appliances and braces.
 - g. Oxygen and anesthesia.
 - h. Prostheses.
 - i. Radiation therapy (including X-ray therapy) and chemotherapy.
4. Hospital services and supplies, including semiprivate room and board; operating rooms and equipment; surgical dressings and supplies; X-ray and laboratory services; anesthesia, including administration and materials; pathology; drugs; and outpatient hospital and emergency room services.
5. Hospital alternatives. Benefits for the following are provided in place of medically necessary hospitalization:
 - a. Skilled nursing facilities.
 - b. Home health care.
 - c. Hospice care.

C. Special Conditions

Services are covered for the following conditions, according to network guidelines:

1. Cosmetic surgery for prompt repair of accidental injury.
2. Mental illness and substance abuse.
3. Oral surgery.
4. Pregnancy.
5. Reconstructive breast surgery in connection with a mastectomy.

6. Sterilization (vasectomy and tubal ligation).
7. TMJ and MPDS (coverage varies by network).
8. Transplants.

D. Vision Care

Vision care benefits are provided according to a schedule of benefits. The schedule varies by network.

E. Prescription Drugs

Prescription drug benefits vary by network.

SECTION 11. MEDICAL PLANS - PAYMENT PROVISIONS

Payment provisions under the plans follow.

A. Deductibles

Deductibles are expenses for certain covered services and supplies that the employee or family member must pay before benefits are payable.

Deductibles are subtracted from the total of all other submitted expenses for covered medical services and supplies before benefits are payable. Only expenses covered by a plan may be counted toward accumulation of deductibles.

Annual base wage, for the purpose of calculating deductibles, is the employee's annual base wage on July 1 of each year.

	Traditional Medical Plan	Coordinated Care Plans
1. Expenses subject to deductibles		
a. Network providers	All covered expenses (except those for <i>network provider</i> outpatient visits where the \$15 copayment applies, preventive care, vision care, mail service prescription drugs, and smoking cessation treatment) are subject to deductibles.	Covered expenses are not subject to deductibles. If the network plan requires that care be received from (or referred by) a primary care physician, then care not received from (or referred by) a primary care physician is considered a nonnetwork service.
b. Nonnetwork providers	All covered expenses (except those for preventive care, vision care, mail service prescription drugs, and smoking cessation treatment) are subject to deductibles.	All covered expenses (except those for emergency care) are subject to deductibles.

	Traditional Medical Plan	Coordinated Care Plans
2. Deductible amounts		
a. Individual deductible		
1) Network providers	Each year a separate deductible applies to each covered person.	No deductible applies.
	The deductible applies only once in any year even though the person may have several different accidental injuries or illnesses.	
	The individual deductible is the greater of \$200 or 0.2 percent of annual base wage.	
2) Nonnetwork providers	<i>Network</i> deductible provisions also apply to nonnetwork providers.	Each year a separate deductible applies to each covered person for nonnetwork services.
		The deductible applies only once in any year even though the person may have several different accidental injuries or illnesses.
		The individual deductible is \$400.
b. Family deductible		
1) Network providers	Each year, the Plan limits the deductible amounts applied to the employee's family to the greater of \$600 or 0.6 percent of annual base wage.	No deductible applies.
	After the family deductible has been met, no further deductible is applied during that year to the employee or to the family members.	
2) Nonnetwork providers	<i>Network</i> deductible provisions also apply to nonnetwork providers.	No family deductible limit applies to nonnetwork services.

B. Copayments

	Traditional Medical Plan	Coordinated Care Plans
1. Emergency room copayment		
	A \$50 emergency room copayment applies to each <i>hospital</i> emergency room visit. The emergency room copayment does not apply if the patient:	A \$50 emergency room copayment applies to each hospital emergency room visit. If the patient is admitted to the hospital immediately following such treatment, the emergency room copayment does not apply. (Other reasons for waiver of the copayment vary by plan.)
	a) Is admitted to the <i>hospital</i> immediately following such treatment.	

	Traditional Medical Plan	Coordinated Care Plans	
Emergency room copayment (cont.)	b) Is treated in the emergency room for 12 or more hours.	This emergency room copayment does not apply toward the individual deductible, family deductible, or copayment provisions.	1
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	c) Dies in the emergency room.		7
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	This emergency room copayment does not apply toward the individual deductible, family deductible, or out-of-pocket expense limits.		9
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2. Office visit copayment	A \$15 copayment applies to each covered outpatient visit to a <i>network physician</i> (except for preventive care, smoking cessation, mental health, and <i>substance abuse</i> services).	A \$10 copayment applies to each covered office visit to a network provider.	13
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3. Prescription drug copayments			19
a. Retail pharmacy	Covered prescriptions or refills are subject to the deductibles. The preferred pharmacy card program provides up to a 34-day supply.	A \$5 copayment applies to each covered generic prescription or refill obtained from a network pharmacy. A \$15 copayment applies to each covered preferred brand-name prescription or refill obtained from a network pharmacy. A \$30 copayment applies to each covered non-preferred brand-name prescription or refill obtained from a network pharmacy. These copayment amounts provide up to a 30-day supply (supply varies by plan).	20
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b. Mail service prescription drug program	A \$10 copayment applies to each covered generic prescription or refill obtained from the <i>network's mail service prescription drug program</i> . A \$30 copayment applies to each covered preferred brand-name prescription or refill obtained from the <i>network's mail service prescription drug program</i> . A \$60 copayment applies to each covered nonpreferred brand-name prescription or refill obtained from the <i>network's mail service prescription drug program</i> . These copayment amounts provide up to a 90-day supply.	A mail service prescription drug program may not be available in all coordinated care plans. If a program is available, a \$10 copayment applies to each covered generic prescription or refill obtained from the network's mail service prescription drug program. A \$30 copayment applies to each covered preferred brand-name prescription or refill obtained from the network's mail service prescription drug program. A \$60 copayment applies to each covered nonpreferred brand-name prescription or refill obtained from the network's mail service prescription drug program. These copayment amounts provide up to a 90-day supply.	36
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	Traditional Medical Plan	Coordinated Care Plans
4. Vision examination copayment	A \$15 copayment applies to each covered eye examination performed by a <i>network provider</i> .	Varies by plan.

C. Plan Payment Levels

Plan payment levels are subject to all provisions of the selected plan, including medical review requirements, maximum benefits, coordination of benefits, exclusions, and definitions.

After satisfaction of the deductible and copayment requirements, the plans pay for covered medical services and supplies according to the following chart. (Payment levels for the coordinated care plans may vary from the schedule as required by applicable state law.)

	Traditional Medical Plan	Coordinated Care Plans
1. Network hospitals		
<i>Prior to July 1, 2004</i>	Covered services received from a <i>network hospital</i> are paid in full.	Covered services received from a <i>network hospital</i> are paid in full.
<i>Effective July 1, 2004</i>	Covered services are paid in full when received from a <i>network hospital</i> that meets <i>patient safety standards</i> .	Covered services received from a <i>network hospital</i> are paid in full.
	Covered services are paid at 95 percent of the <i>allowed charge</i> when received from a <i>network hospital</i> that does not meet <i>patient safety standards</i> .	
2. Other network providers	Outpatient visits to a <i>network physician</i> are paid in full after a \$15 copayment, except as noted in Section 11.B.2.*	Covered services of network providers are paid in full (after any applicable copayment) except when provided for the treatment of substance abuse, mental illness, or TMJ/MPDS.
	Other covered services of <i>network providers</i> are paid at 95 percent of the <i>allowed charge</i> , except when provided for outpatient <i>mental illness</i> , preventive care, smoking cessation, or the treatment of TMJ/MPDS.	

	Traditional Medical Plan	Coordinated Care Plans	
3. Nonnetwork providers			1
a. Physicians, hospitals, and other covered health care providers in a license category eligible to participate in the network			2
1) In service area	Covered services of nonnetwork providers are paid at 60 percent of <i>usual and customary</i> charges in a location where there are <i>network providers</i> qualified to provide <i>medically necessary services</i> . [*]	Covered services of nonnetwork providers are paid at 60 percent of <i>usual and customary</i> charges. ^{**}	3
2) Out of area	Covered services of nonnetwork providers are paid at 95 percent of <i>usual and customary</i> charges in a location where there is no <i>network provider</i> qualified to provide <i>medically necessary services</i> . ⁺	Covered services of nonnetwork providers are paid at 60 percent of <i>usual and customary</i> charges. ^{**}	4
3) Emergency room	Covered services are paid according to <i>network</i> provisions for medical emergencies.	Varies by plan.	5
b. Other covered health care providers, services, and supplies furnished by providers not in a license category eligible to participate in the selected network	Covered services are paid at 80 percent of <i>usual and customary</i> charges. [*]	Covered services must be approved by the plan; payment levels vary depending on the situation.	6
	[*] These payment levels do not apply to coverage of treatment for <i>substance abuse, mental illness, TMJ/MPDS, or vision care.</i>		7
	^{**} These payment levels do not apply to coverage of treatment for <i>substance abuse, mental illness, or TMJ/MPDS.</i>		8
	⁺ This payment level does not apply to preventive care, smoking cessation, vision care, or the treatment of <i>mental illness, substance abuse, or TMJ/MPDS.</i>		9
4. Ambulance services	Covered ambulance services are paid at 95 percent of <i>usual and customary</i> charges.	Varies by plan.	10

	Traditional Medical Plan	Coordinated Care Plans
5. Durable medical equipment		
a. In regions where a <i>network</i> is available, as determined by the <i>service representative</i>	Covered durable medical equipment is paid according to <i>network provider</i> and nonnetwork provider levels, as described in Section 11.C.2 and Section 11.C.3.a.1.	Covered durable medical equipment is paid at 80 percent of usual and customary charges; limits vary by plan.
b. In regions where a <i>network</i> is not available, as determined by the <i>service representative</i>	Covered durable medical equipment is paid at 80 percent of <i>usual and customary</i> charges, as described in Section 11.C.3.b.	Covered durable medical equipment is paid at 80 percent of usual and customary charges; limits vary by plan.
6. Alternatives to hospitalization	Covered services and supplies provided by a <i>skilled nursing facility</i> or a <i>hospice agency</i> are paid at 100 percent of <i>usual and customary</i> charges.	When approved by the plan, covered services and supplies provided by a skilled nursing facility, a home health care agency, and a hospice agency are paid in full.
7. Treatment of mental illness		
a. Inpatient treatment coordinated through the network's referral service	Covered services for inpatient treatment of <i>mental illness</i> are paid at 95 percent of <i>allowed charges</i> .	Covered services for inpatient treatment of mental illness are paid in full to 30 days each year if coordinated through the plan.
b. Outpatient treatment coordinated through the network's referral service	Covered services for outpatient treatment of <i>mental illness</i> are paid at a constant 80 percent of <i>allowed charges</i> .	Covered services for outpatient treatment of mental illness are paid in full to 30 visits each year if coordinated through the plan.
c. Treatment not coordinated through the network's referral service	Covered services for treatment of <i>mental illness</i> are paid at a constant 50 percent of <i>usual and customary</i> charges to a maximum of 20 inpatient days and 20 outpatient visits each year if the services are certified as covered by the <i>network's referral service</i> .	Covered services for treatment of mental illness are paid at a constant 50 percent of usual and customary charges to the 30-day inpatient and 30-visit outpatient limits if not coordinated through the plan.
8. Treatment of substance abuse		
a. Treatment coordinated through the network's referral service	Covered services for inpatient and outpatient treatment of <i>substance abuse</i> are paid at 95 percent of <i>allowed charges</i> .	Covered services for inpatient and outpatient treatment of substance abuse are paid in full if services are coordinated through the plan.

	Traditional Medical Plan	Coordinated Care Plans	
Treatment of substance abuse (cont.)			
b. Treatment not coordinated through the network's referral service	Covered services for inpatient and outpatient treatment of <i>substance abuse</i> are paid at a constant 50 percent of <i>usual and customary</i> charges.	Covered services for inpatient and outpatient treatment of substance abuse are paid at a constant 50 percent of usual and customary charges if services are not coordinated through the plan.	
c. Benefit maximum	Benefits are paid to a lifetime maximum of two courses of treatment. Each course of treatment not coordinated through the <i>referral service</i> is subject to a \$5,000 maximum.	Benefits are paid to a lifetime maximum of two courses of treatment or \$10,000, if greater. Each course of treatment not coordinated through the plan is subject to a \$5,000 maximum.	
9. Neurodevelopmental therapy	Covered services for <i>neurodevelopmental therapy</i> for children age six or younger are paid at <i>network</i> and nonnetwork levels to a maximum of \$1,000 each year.	Varies by plan.	
10. Treatment of TMJ and MPDS	Covered services for treatment of TMJ and MPDS are paid at a constant 50 percent of <i>usual and customary</i> charges to a \$3,500 lifetime maximum.	Varies by plan.	
11. Smoking cessation treatment	Covered services and supplies are paid at 100 percent of <i>usual and customary</i> charges to a \$500 lifetime maximum.	Varies by plan.	
12. Preventive care			
a. Network providers	Covered services are paid in full; covered routine physical examinations for employees and spouses are paid up to \$200 per examination, including related laboratory and X-ray charges.	Varies by plan.	
b. Nonnetwork providers	No coverage for services obtained in a <i>network</i> service area.	Varies by plan.	
13. Vision care	Covered services are paid as specified in Section 12.F.	Varies by plan.	

	Traditional Medical Plan	Coordinated Care Plans
14. Prescription drugs		
a. Network		
1) Generic	Covered generic prescriptions or refills are paid at 90 percent of <i>allowed charges</i> , up to a 34-day supply.	Covered generic prescriptions or refills obtained from a network pharmacy are paid in full after required copayments, up to a 30-day supply (supply varies by plan).
2) Brand-name preferred	Covered preferred brand-name prescriptions or refills are paid at 80 percent of <i>allowed charges</i> , up to a 34-day supply.	Covered preferred brand-name prescriptions or refills obtained from a network pharmacy are paid in full after required copayments, up to a 30-day supply (supply varies by plan).
3) Brand-name nonpreferred	Covered nonpreferred brand-name prescriptions or refills are paid at 70 percent of <i>allowed charges</i> , up to a 34-day supply.	Covered nonpreferred brand-name prescriptions or refills obtained from a network pharmacy are paid in full after required copayments, up to a 30-day supply (supply varies by plan).
b. Nonnetwork	Covered nonnetwork prescriptions or refills are subject to the same payment levels described above for <i>network</i> drugs.	Not covered except when approved for emergency care.
c. Mail service prescription drug program		A mail service prescription drug program may not be available in all coordinated care plans.
1) Generic	Covered generic prescriptions or refills obtained from the <i>network's mail service prescription drug program</i> are paid in full after required copayments, up to a 90-day supply.	Covered generic prescriptions or refills obtained from the <i>network's mail service prescription drug program</i> are paid in full after required copayments, up to a 90-day supply.
2) Brand-name preferred	Covered preferred brand-name prescriptions or refills obtained from the <i>network's mail service prescription drug program</i> are paid in full after required copayments, up to a 90-day supply.	Covered preferred brand-name prescriptions or refills obtained from the <i>network's mail service prescription drug program</i> are paid in full after required copayments, up to a 90-day supply.
3) Brand-name nonpreferred	Covered nonpreferred brand-name prescriptions or refills obtained from the <i>network's mail service prescription drug program</i> are paid in full after required copayments, up to a 90-day supply.	Covered nonpreferred brand-name prescriptions or refills obtained from the <i>network's mail service prescription drug program</i> are paid in full after required copayments, up to a 90-day supply.

	Traditional Medical Plan	Coordinated Care Plans	
15. Out-of-pocket expense limits			1
a. Network	Network services are subject to the same limits described below for nonnetwork services.	Not applicable.	2
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b. Nonnetwork	When a covered person's out-of-pocket expenses reach \$2,000 in any year, any further benefits that would have been paid at 60, 70, 80, 90, or 95 percent will be paid at 100 percent of <i>usual and customary</i> charges for the remainder of that year, to the maximum benefit amounts.	When a covered person's out-of-pocket expenses reach \$2,000 in any year, any further benefits that would have been paid at 60 percent will be paid at 100 percent of <i>usual and customary</i> charges for the remainder of that year, to the maximum benefit amounts.	9
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	When two or more family members satisfy their deductibles and have combined out-of-pocket expenses of \$4,000 (but not more than \$2,000 for any one individual), any further benefits that would have been paid at 60, 70, 80, 90, or 95 percent will be paid at 100 percent of <i>usual and customary</i> charges for the remainder of that year, to the maximum benefit amounts.	When two or more family members satisfy their deductibles and have combined out-of-pocket expenses of \$4,000 (but not more than \$2,000 for any one individual), any further benefits that would have been paid at 60 percent will be paid at 100 percent of <i>usual and customary</i> charges for the remainder of that year, to the maximum benefit amounts.	19
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c. Expenses that do not count toward the individual or family out-of-pocket expense limits	1) Yearly deductibles.	Varies by plan.	33
	2) <i>Hospital</i> emergency room copayment.		34
	3) Office visit copayment.		35
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	4) Difference between <i>usual and customary</i> charges and the provider's actual charge.		38
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	5) Any balance remaining after a benefit maximum has been reached.		40
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	6) Covered medical services paid at 100 percent of <i>usual and customary</i> charges or in full.		44
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	7) Covered medical services for treatment of <i>mental illness</i> , smoking cessation, <i>substance abuse</i> , or TMJ/MPDS.		48
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Traditional Medical Plan

Coordinated Care Plans

Out-of-pocket
expense limits (cont.)

Expenses that do
not count toward
the individual or
family out-of-
pocket expense
limits (cont.)

8) Benefits paid at a reduced
amount or denied when the
patient fails to follow medical
review program procedures
and requirements.

(Varies by plan.)

D. Lifetime Maximum Benefit

The lifetime maximum benefit for all covered medical services (including prescription drugs) is \$1,500,000, subject to all other medical plan provisions. This maximum applies separately to each covered family member. Benefits paid and applied to reduce the maximum benefit, while covered under a *Company-sponsored plan* for active or retired personnel and not reinstated under a prior agreement, are not reinstated by this agreement and serve to reduce the maximum benefits available hereunder.

**SECTION 12.
TRADITIONAL MEDICAL PLAN**

Payment provisions are described in Section 11, except as noted under the vision care benefit.

A. Description

The Traditional Medical Plan provides benefits for procedures, services, and supplies *medically necessary* for the diagnosis and/or therapeutic treatment of nonoccupational accidental injuries or illnesses and treatment of certain listed conditions.

Enhanced benefits are available to employees who receive care from *network providers* as described in Section 11. Preventive care, prescription drug, and vision care benefits also are included in the Plan.

B. Medical Review Program

The Traditional Medical Plan has a medical review program to encourage appropriate utilization of health care services. The program includes *precertification* requirements, voluntary second surgical opinion provisions, a *referral service* for *mental illness* and *substance abuse* treatment, and individual case management.

1. Precertification requirements.

The employee is responsible for obtaining *precertification* for all nonemergency *hospital* admissions (except admissions for childbirth during the first forty-eight (48) hours following a normal delivery or ninety-six (96) hours following a cesarean section), *skilled nursing facility* admissions, and services for home health care and hospice care. Treatment of *substance abuse* and *mental illness* must be precertified through the *referral service*.

a. If the medical review program is not contracted, but retrospective review shows that the *hospital* or *skilled nursing facility* admission, home health care, or hospice care was *medically necessary*, regular Plan benefits are reduced to fifty (50) percent of *usual and customary* charges to a maximum employee expense of \$1,000.

1) This \$1,000 expense does not apply toward the yearly deductible and/or out-of-pocket expense limits.

2) Benefits denied under other Plan exclusions do not count toward this \$1,000 expense.

b. No benefits are provided for any services or supplies that are not *medically necessary*.

2. Voluntary second surgical opinion provisions.

The Plan provides benefits for second surgical opinions the same as for other covered services provided by *network* and nonnetwork providers.

3. Referral service.

Employees and eligible dependents may use a *referral service* for treatment of *mental illness* and *substance abuse*. The *referral service* refers the patient to a *referral service provider* and precertifies initial treatment; ongoing treatment is precertified on a regular basis. Individuals who do not use the *referral service* receive reduced benefits.

4. Individual case management.

In the event of a severe or long-term illness or injury, the *service representative* will assist the patient's *network provider* in identifying treatment alternatives that offer cost-effective care and enhancements to the patient's quality of life.

C. Preventive Care

1. Benefits are provided for a routine physical examination for employees and spouses as follows:

- One (1) examination every three (3) years for employees and spouses under age 35.
- One (1) examination every year for employees and spouses age 35 and above.

2. Benefits are provided for the following routine screening examinations:

Mammograms, Pap smears, and prostate examinations (including the office visit) as recommended by the patient's *physician*.

3. The Plan covers up to eight (8) routine physical examinations for well-baby care during the child's first twenty-four (24) months.

4. For children age two through age five, the Plan covers one (1) routine well-child physical examination each year.

5. The Plan covers routine childhood immunizations recommended by the child's physician according to American Academy of Pediatrics guidelines.

D. Covered Medical Services and Supplies

The Traditional Medical Plan provides benefits for the following procedures, services, and supplies *medically necessary* for the diagnosis and/or therapeutic treatment of nonoccupational accidental injuries or illnesses and treatment of certain listed conditions. Benefits for special conditions are specified in Section 12.E.

1. The services of a *physician*, including:

- A voluntary second (or third) surgical opinion obtained from one (1) or two (2) other specialists.

- b. An eye examination including refraction performed in conjunction with a medical condition such as diabetes, glaucoma, and cataracts. (See Section 12.F for routine eye examination coverage.)
- c. Injectable *legend drugs* administered in a *physician's* office for covered conditions; medical devices (including contraceptive injections, devices, and implants) dispensed by a *physician*. Preventive injections or immunizations are not covered except as described in Section 12.C.5. Antigen, allergy serum, and insulin are not considered a *physician's* service; antigen, allergy serum, and insulin are covered under the preferred pharmacy card program; insulin also is covered under the *mail service prescription drug program*.

2. Services of other health care professionals.

- a. Diagnostic X-ray and laboratory examinations, including examinations incurred in connection with a second (or third) surgical opinion.
- b. Intermittent visits of a registered nurse (R.N.), other than a nurse who ordinarily lives in the employee's home or who is a family member of the employee or spouse, if skilled care in place of hospitalization is not available through an alternative provider at a lesser cost.
- c. The services of a *physician's assistant* for services that would have been covered if performed by a *physician* licensed as a doctor of medicine (M.D.).
- d. The services of a *physical therapist* for physical therapy (but not other types of therapy), the services of an *occupational therapist* for occupational therapy, and the services of a *speech therapist* for speech therapy, when specifically prescribed by a *physician* as to type and duration. Services must be performed under the *physician's* supervision while the patient remains under the attending *physician's* care, and only to the extent that the therapy will significantly restore bodily functions. The *physician* must reevaluate the therapy at least every three (3) months and certify that continuing therapy is required. All therapy beyond three (3) months must be approved by the *service representative*. Benefit determination is based on the attending *physician's* evaluation of the therapy as well as the therapist's progress reports. The information from the *physician* and therapist is then reviewed against established medical criteria to determine medical necessity.

No benefits are payable for therapy given at the therapist's discretion or elected by the covered person; any treatment for delayed development; therapy that is solely for the purpose of slowing body degeneration rather than restoring functional improvement; or therapy for custodial maintenance, self-help, recreational, or educational purposes.

Benefits also are provided for *neurodevelopmental therapy* received from a licensed and certified therapist for children age six and younger, including in-home therapy if homebound, to a maximum benefit of \$1,000 each benefit year.

- e. The services of a *dentist* as specified in Section 12.E.6 and Section 12.E.10.
- f. The services of an authorized Christian Science practitioner necessary for the healing treatment of a nonoccupational physical or mental condition.
- g. Acupuncture services for a covered illness or in place of covered anesthesia when provided by a licensed acupuncturist (L.A.C.), a doctor of medicine (M.D.), or a doctor of osteopathy (D.O.).
- h. Spinal and extremity manipulations by an approved provider, such as a doctor of medicine (M.D.), a doctor of osteopathy (D.O.), or a chiropractic doctor (D.C.), for up to twenty-six (26) spinal and extremity manipulations performed by hand each year. Related services, such as an initial examination and initial X-rays, also are covered.

3. Medical equipment, services, and supplies.

- a. Professional ambulance service when used to transport the patient from the place of injury, accident, or illness to the first hospital where treatment is given. These services also are covered when the physician requires an ambulance to transport the patient to a hospital in the patient's area of residence to protect the patient's health or life. Air ambulance transportation is covered when medically necessary. Ambulance service from one hospital to another, including return, is covered only if the facility is the nearest one with appropriate regional specialized treatment facilities, equipment, or staff physicians. Ambulance transportation from or to the patient's home is covered when medically necessary. No other expenses in connection with travel are covered.

- b. The cost and installation of a hearing aid or aids purchased under a physician's or certified audiologist's written recommendation, to a \$600 benefit payable for each hearing aid. This benefit is limited to one (1) per ear every three (3) consecutive years, including any period covered under a Company-sponsored plan. The Plan also covers the overhaul of a hearing aid in place of a new hearing aid after three (3) years.

No benefits are payable for:

- 1) Hearing or audiometric examinations. (When disease is present, such expenses may be covered under other portions of the Traditional Medical Plan.)
 - 2) Hearing aids ordered either before the person became eligible or after coverage ends.
 - 3) Hearing aids ordered before coverage ends but delivered more than sixty (60) days after coverage ends.
 - 4) Charges for hearing aids that do not meet professionally accepted standards of practice or for experimental or investigational services or supplies.
 - 5) Replacement of hearing aids that are lost, broken, or stolen unless replacement is within the frequency limit of one (1) hearing aid per ear every three (3) consecutive years.
 - 6) Replacement parts for hearing aid repairs, unless part of an overhaul after three (3) years.
 - 7) Replacement batteries.
 - 8) Charges for eyeglass-type hearing aids above the covered expense for one (1) hearing aid.
- c. Hemodialysis in the patient's home when the treatment is repetitive and for chronic, irreversible kidney disease. Covered services and supplies include the rental, lease, or (under certain conditions) purchase of major hemodialysis equipment and specific supplies and certain training necessary to operate the dialyzer. Purchase of specific supplies is contingent on the supplies having no real utility to the patient in the absence of the disease and having no value to other household members. Coverage of the purchase of equipment is subject to specific conditions, including an amortization period, decided by the service representative.
- d. Rental (or purchase if approved by the service representative) of durable medical or surgical equipment used exclusively for the patient's therapeutic treatment.
- e. Orthopedic appliances and braces, including repair and replacement necessary as a result of normal usage or change in condition.
- f. Oxygen and anesthesia.

- 1 g. **Artificial limbs, artificial eyes, and other prostheses.** This benefit includes repair and
2 replacement necessary as a result of normal usage or change in condition.
3
4 h. **Radiation therapy** (including X-ray therapy) and **chemotherapy**.
5
6 i. **Smoking cessation services**, including the services of a *physician* or other health care
7 professional who is practicing within the scope of his or her license, or an approved smoking
8 cessation provider. To receive benefits for smoking cessation treatment, the patient must
9 complete the full course of treatment. No smoking cessation benefits will be provided for
10 inpatient services; vitamins, minerals, or other supplements; acupuncture; over-the-counter
11 drugs or provider-prescribed prescription drugs to ease nicotine withdrawal; books; tapes; or
12 hypnotherapy (unless performed by an approved provider). Prescription drugs prescribed by
13 an approved provider to ease nicotine withdrawal are covered under the prescription drug
14 benefit.
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- 16 4. **Hospital room, board, services, and supplies**, including a *medically necessary* private room. If a
17 private room is used when one is not *medically necessary*, any excess of daily board and room
18 charges over the *hospital's* average semiprivate room charge is not covered. If the *hospital* does not
19 have semiprivate accommodations, the semiprivate charge for similar facilities in the area is
20 considered in determining the rate.
21

22 *Hospital* benefits are subject to the medical review program for medical necessity, appropriateness,
23 level of care, and setting.
24

25 5. **Hospital alternatives.**
26

- 27 a. **Home health care** visits and supplies provided to patients in their home by a *home health*
28 *care agency* instead of confinement in a *hospital* or *skilled nursing facility*.
29

30 Benefits are subject to the medical review program.
31

- 32 1) To be eligible for benefits:
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- 34 a) Home health care visits and supplies must be for the *medically necessary* treatment
35 of a covered illness or injury.
36
37 b) A *physician* must establish a written *home health care treatment plan*.
38
39 c) The patient must be homebound, which means leaving home involves a
40 considerable, taxing effort and the patient is unable to use public transportation
41 without assistance.
42

- 43 2) Covered benefits for home health care visits and supplies must be provided by and billed
44 by the *home health care agency* and are limited to:
45

- 46 a) *Physician* services.
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48 b) Nursing visits by a registered nurse (R.N.) or licensed practical nurse (L.P.N.).
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50 c) Physical therapy visits by a *physical therapist*.
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52 d) Speech therapy visits by a *speech therapist*.
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54 e) Occupational therapy visits by an *occupational therapist*.
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56 f) Medical social visits by a person with a master's degree in social work (M.S.W.).

g) <i>Home health aide visits.</i>	1
h) Respiratory therapy visits by an inhalation therapist certified by the National Board of Respiratory Therapists.	2
i) Medical supplies dispensed by the <i>home health care agency</i> that would have been provided on an inpatient basis.	3
j) Nutritional supplements such as diet substitutes administered intravenously or through hyperalimentation.	4
k) Nutritional guidance by a registered dietician.	5
l) Services and supplies for infusion therapy. (Patients do not need to meet the treatment plan and homebound requirements.)	6
3) See Section 12.H for listed home health care exclusions.	7
b. Visits and supplies of a hospice agency when provided in place of confinement in a hospital or skilled nursing facility.	8
Benefits are subject to the medical review program.	9
1) To be eligible for benefits:	10
a) Hospice care visits and supplies must be for the <i>medically necessary</i> treatment or palliative care of terminally ill patients with a life expectancy of six (6) months or less.	11
b) The <i>physician</i> must establish a written <i>hospice care treatment plan</i> .	12
2) Hospice visits and supplies in the patient's home must be provided by and billed by the <i>hospice agency</i> and are limited to the same items as listed under Section 12.D.5.a. In addition, benefits are provided for respite care for a minimum of two (2) hours per day (continuous patient care to provide temporary relief to family members or friends).	13
3) Expenses for inpatient hospice confinement are covered to the same extent as if incurred in a <i>hospital</i> .	14
4) Limits.	15
a) Respite care of two (2) or more hours per day when no skilled care is required is limited to a combined total of one hundred twenty (120) hours in each three (3)-month period.	16
b) Expenses for hospice care that qualify under this benefit and under any other benefit of this Plan are covered only under the benefit the <i>service representative</i> determines as the most appropriate.	17
Patients who exhaust the above limits may apply to the <i>service representative</i> for an extension of benefits, which will be approved by the <i>service representative</i> if the treatment is <i>medically necessary</i> .	18
5) See Section 12.H for listed hospice care exclusions.	19
c. Skilled nursing facility room, board, services, and supplies when provided in place of <i>medically necessary</i> hospitalization, limited to the facility's average semiprivate room charge.	20

If the *skilled nursing facility* does not have semiprivate accommodations, the semiprivate charge for similar facilities in the area is considered in determining the rate.

Benefits are subject to the medical review program for medical necessity, appropriateness, level of care, and setting.

Patients who exhaust the above limits may apply to the *service representative* for an extension of benefits, which will be approved if the treatment is *medically necessary*.

- d. Expenses incurred for room and board while in a *Christian Science sanatorium* also are covered if the patient is admitted for healing (not rest or study) and is under the care of an authorized *Christian Science practitioner*. If a private room is used, any excess of daily room and board charges over the facility's average semiprivate room charge is not covered. If the facility does not have semiprivate accommodations, the semiprivate charge for other *Christian Science sanatoriums* will be considered in determining the rate.
 - e. Services of an approved free-standing surgical center or hospital-based emergency facility if such services would be covered if received in a *hospital*.
6. If the patient accepts a referral from the *service representative* to a *network provider* designated as a "center of excellence," reasonable travel and lodging expenses for the patient and the patient's family will be covered when the patient is required by the *service representative* to travel more than one hundred fifty (150) miles from his or her place of residence for an approved service. Benefits for travel expenses will be paid in full to a maximum of \$2,500 per episode requiring travel and must be approved in advance by the *service representative*.

E. Special Conditions

Covered medical services and supplies described in Section 12.D also are provided for the following special conditions.

1. Congenital abnormalities and hereditary complications.

Benefits are provided for *medically necessary services and supplies* required for the treatment of congenital abnormalities and hereditary complications. This coverage applies to newborn children as well as to all other persons covered under the Plan.

2. Cosmetic surgery.

Benefits are provided for cosmetic surgery only if the surgery is for prompt repair of an accidental injury.

3. Erectile dysfunction.

Benefits are provided for the treatment of organic erectile dysfunction when the patient has a history of one or more of the following:

- a. Peripheral vascular disease or local penile vascular abnormalities.
- b. Peripheral neuropathy or autonomic insufficiency.
- c. Prostate cancer.
- d. Spinal cord disease or injury.
- e. Major pelvic surgery.

f. Insulin-dependent diabetes.

g. Severe Peyronie's disease.

Covered therapy includes vacuum erection device, injection therapy, penile prosthesis, urethral pellets, and prescription medications.

The Plan does not cover treatment for nonorganic impotence such as psychosexual dysfunction.

4. Infertility.

Benefits are provided for the following services in connection with the diagnosis and treatment of infertility:

- a. Diagnostic tests necessary to determine the cause of infertility.
- b. Surgical correction of a condition causing or contributing to infertility.
- c. Conventional medical treatments (such as office visits, laboratory services, and prescription medications) of the infertility.

The Plan does not cover the infertility services and supplies listed under "Traditional Medical Plan Exclusions" in Section 12.H.

5. Mental illness and substance abuse treatment.

a. Mental illness.

Benefits are provided for the services of the following providers in connection with the inpatient and outpatient treatment of *mental illness*:

- 1) Any provider contracted with the *referral service*.
- 2) Licensed psychiatric doctor (M.D.).
- 3) Licensed clinical psychologist.
- 4) Licensed psychiatric nurse (R.N.).
- 5) Professional at master's level or above who is licensed in the area where the services are performed.
- 6) Licensed hospital or treatment facility.

Treatment of a *mental illness* includes only treatment of a mental disorder or condition not related to, accompanying, or resulting from *substance abuse*. Treatment of any such related, accompanying, or resulting disorder or condition is considered to be treatment of the *substance abuse*.

b. Substance abuse.

Expenses incurred at a *substance abuse treatment facility* or a *hospital*, including *physician's* charges and charges for prescription drugs, are covered only to the extent they are in connection with the effective treatment of *substance abuse*. The benefit at a *substance abuse treatment facility* is limited to intensive inpatient treatment and outpatient *substance abuse* counseling as prescribed by a *physician*.

No benefits are provided for recovery houses that provide an alcohol- or drug-free residential setting; alcohol or drug information and *referral services*; schools; emergency service patrols; or detoxification, except when immediately followed by a rehabilitative program.

The patient must complete the course of treatment to be eligible for *substance abuse* benefits.

6. Oral surgery.

- a. Benefits are provided only to the extent not covered in the dental plans for services in connection with the prompt repair of natural teeth or other body tissue performed by a *physician or dentist* and required as a result of a nonoccupational injury, provided that:

- 1) The damaged, lost, or moved teeth were free from decay or in good repair and firmly attached to the jaw bone at the time of the injury, and
- 2) If crowns (caps), dentures (false teeth), bridgework (fixed or removable), or in-mouth appliances are installed due to such injury, only charges for the first denture or bridgework to replace lost teeth, the first crown needed to repair each damaged tooth, and an in-mouth appliance used in the first course of orthodontic therapy after the injury are included.

Charges to remove, repair, replace, restore, or reposition teeth lost or damaged while biting or chewing are not covered.

- b. Benefits are provided for *medically necessary* services in connection with oral surgery performed by a *physician or dentist* for a medical condition that does not relate to the correction of the gum, teeth, or mouth tissues for dental purposes, except where covered under the dental plans. These services include, but are not restricted to:

- 1) Removal of tumors and cysts of the jaw, cheeks, lips, tongue, and roof and floor of the mouth.
- 2) Surgical procedures required to correct accidental injuries of the jaw, cheeks, lips, tongue, and roof and floor of the mouth.
- 3) Removal of exostoses of the jaw and hard palate.
- 4) Treatment for fractures of the facial bones (maxilla or mandible).
- 5) Incision and drainage of cellulitis.
- 6) Incision of accessory sinuses, salivary glands, or ducts.

- c. Benefits are provided for *physician or dentist* services in connection with the correction of developmental abnormalities of the jaw or malocclusion of the jaw by osteotomy (the surgical cutting of bone or bony tissue) with or without bone grafting.

- d. The surgical placement of endosseous implants is covered if there is a reasonable expectation of success for a minimum of five (5) years.

- e. *Hospital services and benefits for general anesthesia are provided in connection with other dental or oral surgery when medically necessary*

The preceding listed services incurred in connection with dental work or oral surgery do not apply to any services in connection with the diagnosis and treatment of temporomandibular joint disease (TMJ) or myofascial pain dysfunction syndrome (MPDS). See Section 12.E.10.

7. Pregnancy.

Benefits are provided for pregnancy the same as any other condition for covered employees or covered dependents, provided that expenses are incurred while this coverage is in force.

Pregnancy includes normal delivery, cesarean section, spontaneous abortion (miscarriage), legal abortion, and complications of pregnancy.

Following childbirth, mothers and newborns may stay in the hospital for forty-eight (48) hours following a normal delivery or for ninety-six (96) hours following a cesarean section, unless a shorter stay is authorized by the attending health care provider in consultation with the mother. Preadmission review is not required for these lengths of stay. Any length of stay beyond forty-eight (48) hours or ninety-six (96) hours must be approved through the medical review program.

Benefits are provided for a *birthing center* only to the extent that such services would have been covered in a *hospital*.

A newborn child is eligible from the date of birth if the child qualifies as a dependent of the employee and is enrolled within one hundred twenty (120) days. The following services and supplies are covered for a newborn child enrolled in the Plan, subject to the payment provisions of Section 11.

- a. Routine *hospital* services and supplies and *physician* services during the first forty-eight (48) hours following a normal delivery or ninety-six (96) hours following a cesarean section.
- b. *Medically necessary hospital* and *physician* services and supplies.

8. Reconstructive breast surgery.

Benefits are provided for breast reconstruction in connection with the mastectomy in a manner determined in consultation with the patient and attending physician. Covered services include the following:

- a. All stages of reconstruction of the breast on which the mastectomy was performed.
- b. Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- c. Prostheses and treatment of physical complications of all stages of mastectomy, including lymphedema.

9. Sterilization (vasectomy and tubal ligation).

Benefits are provided for a vasectomy or tubal ligation, but not a reversal.

10. Temporomandibular joint disease (TMJ) and myofascial pain dysfunction syndrome (MPDS).

- a. The following surgical or nonsurgical treatment of TMJ or MPDS by a *physician* or a *dentist* are included as covered medical services and supplies:
 - 1) Initial diagnostic examinations and X-rays.
 - 2) Follow-up office visits.
 - 3) Surgical procedures and related hospitalization.
 - 4) Appliances (i.e., nightguards, bite plates, orthopedic repositioning, or mandibular orthopedic devices).

- 5) Appliance management, kinesitherapy, physical therapy, biofeedback therapy, joint manipulation, prescription drugs, injections of muscle relaxants, and therapeutic drugs or agents.

b. The following expenses are not covered:

- 1) Restorative techniques to build occlusion unless the tooth is diseased or accidentally damaged.
- 2) Nonsurgical orthodontic treatment, except as provided above.
- 3) Banding treatment.

11. Transplant benefits.

Benefits are provided for *medically necessary services* relating to a covered transplant. Transplants that are part of an approved clinical trial also may be covered.

- a. If the patient covered by this Plan is the recipient of a human organ or tissue transplant covered by this Plan, donor organ procurement costs are covered to a maximum benefit of \$30,000 per transplant, to a lifetime maximum benefit of \$60,000. Benefits are limited to selection, removal of the organ, storage, transportation of the surgical harvesting team and the organ, and other *medically necessary* procurement costs. Donor expenses that are covered under this Plan are applied against the Plan lifetime maximum benefit for the recipient covered under this Plan.
- b. No benefits are provided for the following:
 - 1) Nonhuman, artificial, or mechanical organ transplants.
 - 2) *Experimental or investigational services or supplies* unless they are part of an approved clinical trial.
 - 3) Services and supplies for the donor when donor benefits are available through other group coverage.
 - 4) Expenses for that portion of treatment funded by government or private entities as part of an approved clinical trial.
 - 5) Expenses when the recipient is not covered under this Plan.
 - 6) Lodging, food, or transportation costs, unless otherwise specifically provided under this Plan.
 - 7) Donor and procurement services and costs incurred outside the United States, unless specifically approved by the *service representative*.
 - 8) Living (nondonor) donor transplants (except kidney, liver, lobar lung, and bone-marrow or stem cell transplants for covered conditions) including selective islet cell transplants of the pancreas.

F. Vision Care Benefit

Vision care benefits are not subject to the Traditional Medical Plan annual deductible, out-of-pocket expense limits, plan payment levels, or lifetime maximum benefit.

1. Covered vision care expenses are charges (to the amounts shown in the Schedule of Covered Vision Care Expenses) for the following:
 - a. A complete eye examination of visual function, performed by a legally qualified ophthalmologist or optometrist.
 - b. Prescribed lenses.
 - c. Contact lenses if elected in place of conventional lenses and frames.
 - d. Frames required for prescription lenses.

Benefits are provided for one (1) eye examination every benefit year and two (2) sets of lenses and two (2) frames every two (2) benefit years. This period includes the time covered under a Company-sponsored medical plan. Any replacement of lost, stolen, or broken lenses and/or frames is included under the two (2)-set limit.

Schedule of Covered Vision Care Expenses

Services and Supplies	Maximum Covered Expense
Eye examination	Paid in full after \$15 copayment for network provider services Up to \$50 for nonnetwork provider services
Lenses	
• Single vision (2 lenses)	\$50*
• Bifocal (2 lenses)	\$80*
• Trifocal (2 lenses)	\$95*
• Lenticular (2 lenses)	\$155*
Frames	\$70*
Contact lenses (2 lenses) in place of allowances for conventional lenses and frames above	\$105*
* Network providers offer a discount on lenses, frames, and contact lenses; the employee will pay the network provider only the excess over the amounts shown in the schedule above. Nonnetwork provider charges for lenses, frames, and contact lenses are reimbursed up to the amounts shown in the schedule above; no discount applies.	

Patients will incur an additional charge for noncovered lens options such as lens coatings or hardening, tints, or photochromic, polycarbonate, or scratch-resistant or shatter-resistant lenses.

All other vision care expenses are not covered under this benefit, but may be covered as a medical condition under the Traditional Medical Plan.

2. The following vision care expenses are not covered:
 - a. Special supplies, such as nonprescription sunglasses and subnormal vision aids.

- b. Orthoptics or vision training and any associated supplemental testing.
- c. Plano lenses (less than a ± 3.8 diopter power), two pair of glasses in lieu of bifocals, or extra charges for progressive lenses in excess of the bifocal allowance.
- d. Medical or surgical treatment of the eyes. (However, *network providers* offer discounts for refractive surgery.)
- e. Corrective vision treatment of an *experimental nature*.
- f. Solutions and/or cleaning products for spectacle glasses or contact lenses.
- g. Costs above the maximum covered expenses.
- h. Services or supplies not listed as covered expenses.
- i. Services or supplies received while the individual was not covered under the plan or charges for lenses and frames furnished or ordered before the individual became covered under the plan.
- j. Services or supplies received more than 60 days after the service representative authorizes the patient's vision care benefits.

G. Prescription Drug Benefit

Benefits are subject to all Traditional Medical Plan provisions, including exclusions.

1. Preferred pharmacy card program.

a. Description of benefit.

Employees and dependents may obtain covered prescription drugs through the preferred pharmacy card program or through any licensed pharmacist.

b. Covered prescription drug expenses.

The Plan covers the following *medically necessary* prescription drug expenses:

- 1) *Legend drug*, which must be dispensed under federal or state law through the written prescription of a *physician* or *dentist*.
- 2) Injectable insulin (including needles, syringes, chem strips, chem pads, and lancets when prescribed along with insulin) when ordered in writing by the patient's *physician*.
- 3) Antigen or allergy serum prescribed by a *physician* in writing.

The Plan also covers prescribed *legend drugs* for contraception and smoking cessation.

However, any drug labeled "Caution - Limited by Federal Law to Investigational Use" or any experimental drug, even though a charge is made to the patient, is not a covered prescription expense.

c. Maximum medication covered.

The program covers a supply of medication which, when taken according to the *physician's* written order, does not exceed a thirty-four (34)-day supply.

2. Mail service prescription drug program.

a. Description of benefit.

Employees and eligible dependents may use the *mail service prescription drug program* to obtain covered prescription drugs.

Unless the *physician* indicates otherwise, a generic equivalent of the prescribed drug will be dispensed when available and permissible under the law.

b. Covered prescription drug expenses.

The Plan covers the following *medically necessary* prescription drug expenses:

- 1) *Legend drugs*, which must be dispensed under federal or state law through the written prescription of a *physician* or *dentist*.
- 2) Injectable insulin (including needles, syringes, chem strips, chem pads, and lancets when prescribed along with insulin) when ordered in writing by the patient's *physician*.

The Plan also covers prescribed *legend drugs* for contraception and smoking cessation.

c. Maximum medication covered.

The program covers a supply of medication which, when taken according to the *physician's* written order, does not exceed a ninety (90)-day supply per prescription or refill. Authorized refills are covered only after the initial substance has been used. Certain controlled substances are subject to quantity limitations.

3. Exclusions.

No benefits are payable under the prescription drug programs for the following:

- a. Appliances, devices, or other nondrug items, including but not limited to therapeutic devices or artificial appliances. However, this does not apply to needles, syringes, or other diabetic supplies when prescribed along with insulin.
- b. Any charges for the administration or injection of any drug.
- c. Any prescription for which the person is eligible to receive benefits under another employer's group benefit plan or a workers' compensation law or from any municipality, state, or federal program.
- d. Any prescription filled in excess of the number prescribed by the *physician* or any refill after one (1) year from the date of the *physician's* order.
- e. Immunizing agents, except that allergy serum (antigen) is covered under the prescription drug card program with a *physician's* written prescription.
- f. All medications to treat sexual dysfunction, unless the patient is being treated for a diagnosed medical condition.
- g. Obesity drugs.
- h. Drugs dispensed during an inpatient admission by a *hospital, skilled nursing facility, sanatorium, or other facility*.

- i. Experimental drugs or drugs used for investigational purposes.
- j. Drugs that are not *medically necessary* for the treatment of an illness, injury, or other covered condition, including vitamins, except as specifically provided by the Plan.
- k. Infusion therapy drugs except as described in the home health care benefit.
- l. Delivery or handling charges.
- m. Any service or supply otherwise excluded by the Plan.

H. Traditional Medical Plan Exclusions

These charges are deducted from the eligible person's expenses before the benefits of this Plan are determined. The Plan does not pay for charges for or related to

1. Any accident or illness covered by a workers' compensation law.
2. Services or supplies not recommended and approved by a *physician* or other covered health care professional or provided before the person becomes covered under this Plan.
3. Services or supplies that the Plan's *service representative* determines are not *medically necessary* for treatment of an accidental injury, illness, or other condition covered under the Plan. This includes routine physical examinations, immunizations, or other preventive services and supplies, except as specifically provided by the Plan.

Inpatient *hospital* care (including *physician* visits while hospitalized) is not considered *medically necessary* when the care can be provided safely in an outpatient setting, such as a *hospital* outpatient department, *physician's* office, or an ambulatory surgical facility, without adversely affecting the patient's physical condition.

Examples of care that generally should be provided in an outpatient setting include observation and/or diagnostic studies, surgery that can be performed on a same-day basis, and psychiatric care primarily aimed at controlling or changing the patient's environment.

4. Amounts exceeding *usual and customary* charges.
5. *Skilled nursing facility* services when the services usually are not provided by such facilities or when the services are not expected to lessen the disability and enable the person to live outside the facility. However, *skilled nursing facility* services are covered for the terminal patient when the illness has reached a point of predictable end.
6. Services or supplies related to cosmetic surgery, except as specifically provided.
7. Services or supplies related to obesity, unless approved in advance by the *service representative* according to written guidelines. Employees may request a copy of the guidelines by calling the *service representative*.
8. Any treatment or services required in connection with a sex transformation.
9. Services or supplies to the extent they are covered under any *Company-sponsored plan* that has been discontinued.
10. Services or supplies to the extent they are covered under any federal, state, or other government plan, except where required by law.

11. Confinement or surgical, medical, or other treatment, services, or supplies received in or from a U.S. Government *hospital*, except as required by law.
12. Services or supplies for which no charge is made or charges the employee or dependent is not required to pay.
13. Dyslexia, visual analysis therapy, or training related to muscular imbalance of the eye or for orthoptics. However, coverage is provided for up to six (6) months when necessary to correct muscle imbalance (strabismus, esotropia, or exotropia) if treatment begins before the person's 12th birthday.
14. Completion of claim forms or reports.
15. Full body computerized axial tomography (CAT) scans other than at a *hospital* or an institution having an agreement with a *hospital* to supply these services. However, expenses are covered under other circumstances if the equipment is required and certified by the *physician* for immediate use to diagnose a potentially life-threatening condition or if the services are provided at a *physician's* office, clinic, or other institution approved by the Company for other than emergency use.
16. Benefits payable under any automobile medical, personal injury protection (PIP), automobile no-fault, automobile uninsured or underinsured motorist, homeowner's, or commercial premises medical coverage when such contract or insurance is issued to or provides benefits available to the patient. Any benefits paid by this Plan before benefits are paid under one of these other types of contracts or insurance are provided to assist the patient and do not indicate the *service representative* is acting as a volunteer or waiving any right to reimbursement or subrogation.
17. *Experimental or investigational services or supplies*, or related complications.
18. Services or supplies related to treatment of *mental illness*, including eating disorders, or *substance abuse*, except as specifically provided.
19. Services or supplies related to treatment of TMJ and MPDS, except as specifically provided.
20. Smoking cessation treatment, except as specifically provided.
21. Radial keratotomy or other eye surgery to correct refractive errors, except when preoperative visual acuity is 20/50 or less with a lens.
22. Reversal of a sterilization procedure.
23. *Infertility services or supplies*, including but not limited to in vitro fertilization; artificial insemination; embryo transfer; gamete intrafallopian transfer (GIFT); microinjections; zona drilling; sperm preparation; sperm separation; fertility drugs (including but not limited to Clomid, Pergonal, Serophene, or HCG) when associated with any artificial means of conception; consecutive follicular ultrasounds, cycle therapy, or corresponding lab tests when associated with any artificial means of conception; any tests, visits, consultations, or treatment related to, or resulting in, one of the preceding listed noncovered services.
24. *Custodial care*.
25. Services or supplies required by law to be provided by any school system.
26. Education, special education, or job training, whether or not provided by a facility that also provides medical or psychiatric care.
27. Marriage counseling, family counseling, child counseling, career counseling, social adjustment counseling, pastoral counseling, or financial counseling.

28. Intentionally self-inflicted injury, unless under treatment for a *mental illness*.

29. Missed appointments.

30. Equipment or supplies that are not solely related to the medical care of a diagnosed illness or injury. Examples include, but are not limited to, any luxury or convenience item or supply, general exercise equipment, modification to home (e.g., wheelchair ramps, support railings) or automobile or van (e.g., ramps, lifts), environmental control devices (e.g., air conditioners, purifiers, humidifiers), swimming pool, spa or whirlpool, Craftmatic or similar bed, orthopedic chair, special car seat, or any personal hygiene item.

31. The following home health care and hospice services:

- a. Homemaker or housekeeping services.
- b. Services provided by volunteers, household members, family, or friends.
- c. Unnecessary or inappropriate services, food, clothing, housing, or transportation.
- d. Social services.
- e. Psychiatric care.
- f. Maintenance or custodial care.
- g. Supplies or services not included in the written *home health or hospice care treatment plan* or not otherwise covered.
- h. Hospice services to other family members, including bereavement counseling.
- i. Hospice services of financial, legal, or spiritual counselors.

I. Right to Receive and Release Necessary Information

As a condition of receiving benefits under this Plan, the patient agrees to authorize

1. Any *physician, hospital, or other provider or party* having knowledge to disclose to the *service representative* any medical information requested to administer this Plan.
2. The *service representative* to
 - a. Examine medical records at the offices of any *physician, hospital, or other provider* to verify services or supplies.
 - b. Release to or obtain from any other insurer, organization, or person any information necessary to administer the coordination of benefit provisions.
 - c. Exercise the subrogation rights described in Section 18 releasing any information about the accident, injuries, and benefits or services received to any person who may be liable to the patient, to that person's insurer, or to the *service representative*.
 - d. Examine employment and payroll records of the patient to verify Plan eligibility and enrollment.
3. The *service representative* will keep this information confidential whenever possible, but under certain circumstances it may be disclosed to other parties, such as

- a. To a law enforcement or other governmental authority in case of fraud or illegal activity.
 - b. In response to a subpoena or judicial order.
 - c. To a medical person or institution to verify coverage or to conduct an audit.
 - d. To a professional review organization to review the service or conduct of a medical person or institution.
4. The patient waives any claim of privilege or confidentiality in any action by or against the service representative or the party furnishing the information.

SECTION 13.

DENTAL PLANS (PREFERRED DENTAL PLAN AND PREPAID DENTAL PLAN)

A. Covered Services and Supplies

The following services and supplies are covered under both the Preferred Dental Plan and the Prepaid Dental Plan to the specified limits. The plans pay for covered services only if those services are performed by or under the direction of a licensed *dentist* or other plan-approved licensed professional. A licensed *dentist* does not mean a dental mechanic or any other type of dental technician. Coverage is subject to the benefit payment levels, exclusions, and other provisions of each dental plan.

1. Diagnostic.

Routine examinations, X-rays, emergency examinations, and examinations by specialists in an American Dental Association recognized specialty.

Examinations are covered once in a six (6)-month period. Charges to review a proposed treatment plan or for case presentation by the attending *dentist* are not covered. Complete mouth or panoramic X-rays are covered once in a five (5)-year period. Supplementary bitewing X-rays are covered once in a twelve (12)-month period. Study and diagnostic models and decay susceptibility tests are not covered.

2. Preventive.

Prophylaxis (cleaning), either a regular prophylaxis or a periodontal prophylaxis, and topical application of fluoride.

Prophylaxis (cleaning), either a regular prophylaxis or a periodontal prophylaxis, is covered once in a four (4)-month period. Topical application of fluoride is covered once in a six (6)-month period when performed in conjunction with prophylaxis, to the patient's 19th birthday. Home fluoride kits, cleaning of a *prosthetic appliance*, plaque control, oral hygiene, or dietary instructions are not covered.

Fissure sealants are covered for eligible children under age 14. Fissure sealants include topically applied acrylic, plastic, or composite material used to seal developmental grooves and pits in teeth for the purpose of preventing dental decay. Fissure sealants include application only to permanent molars with occlusal surfaces intact, no decay, and no restorations. Fissure sealants exclude any repair or replacement of a sealant on any tooth within three (3) years of its application. (This repair or replacement is considered included in the fee for the initial placement of the sealant.)

3. Restorative.

a. Minor restorative.

Restoration of carious lesions (visible destruction of hard tooth structure resulting from tooth decay) to a state of functional acceptability using filling materials, such as amalgam, silicate, or plastic.

b. Major restorative.

Restoration of carious lesions (visible destruction of hard tooth structure resulting from tooth decay) to a state of functional acceptability with crowns, inlays, or onlays (gold, synthetic porcelain, plastic, gold substitute castings, or combinations). The attending *dentist* must verify that teeth cannot be restored with filling materials such as amalgam, silicate, or plastic.

c. Limits on minor and major restorative benefits.

- 1) Restorations on the same surface or surfaces of the same tooth are covered once in a two (2)-year period. If a composite or plastic restoration is placed on a posterior tooth, an amalgam allowance is made.
- 2) Crowns, inlays, or onlays on the same tooth are covered once in a five (5)-year period. Stainless steel crowns are covered once in a two (2)-year period. If a tooth can be restored with a filling material such as amalgam, silicate, or plastic, an allowance is made toward the cost of any other type of restoration.
- 3) Appliances or restorations necessary to correct vertical dimension or restore the occlusion, overhang removal, recontouring, or polishing of restoration are not covered. A crown used as an abutment to a partial denture is not covered unless the tooth is decayed to the extent a crown would be required to restore the tooth whether or not a partial denture is required.

4. Oral surgery.

Removal of teeth and surgical procedures. Covered services include surgical and nonsurgical extractions, preparation of the alveolar ridge and soft tissues of the mouth for insertion of dentures, ridge extension for insertion of dentures (vestibuloplasty), and treatment of pathological conditions and traumatic facial injuries.

Extraoral grafts (grafting of tissues from outside the mouth or using artificial materials) and tooth transplants are not covered.

5. Periodontics.

Surgical and nonsurgical procedures for treatment of the tissues supporting the teeth. These include root planing, subgingival curettage, gingivectomy, and limited adjustments to occlusion (eight (8) teeth or fewer) such as smoothing of teeth or reducing cusps.

Periodontal splinting and/or crown and bridgework used in conjunction with periodontal splinting are not covered. Root planing or subgingival curettage (but not both) are covered once in a twelve (12)-month period. Major (complete) occlusal adjustment and periodontal appliances are not covered.

6. Endodontics.

Procedures for pulpal and root canal therapy. Covered services include pulp exposure treatment, pulpotomy, and apicoectomy.

Root canal treatment on the same tooth is covered only once in a two (2)-year period.

7. Pedodontics.	1
Space maintainers when used to maintain space for eruption of permanent teeth.	2
Replacement of a space maintainer previously paid for by the participating plan is not covered.	3
	4
8. Prosthodontics.	5
Dentures, bridges, partial dentures, and related items and adjustment or repair of an existing prosthetic device.	6
Replacement of an existing prosthetic device is covered only if it is unserviceable and cannot be made serviceable. Services necessary to make the device serviceable are covered. Prosthetic devices are covered only five (5) years after any prior device was paid for under these plans.	7
	8
a. Full, immediate, and overdentures.	9
If personalized restorations or specialized treatments are used, the Plan pays the appropriate amount for a full, immediate, or overdenture toward the cost of this treatment. Root canal therapy performed in conjunction with overdentures is limited to two (2) teeth per arch. Temporary dentures are not covered.	10
	11
b. Partial dentures.	12
If a more elaborate or precision device is used to restore the case, the Plan pays for a cast chrome and acrylic partial denture (applied toward the cost of any other procedure).	13
	14
c. Denture adjustments and relines.	15
Denture adjustments and relines done more than six (6) months after initial placement are covered. Subsequent relines or jump rebases (not both) are covered once in a twelve (12)-month period.	16
	17
d. Implants.	18
The Plan pays the appropriate amount for a full or partial denture, applied toward appliances constructed on the implant. If the plan makes an allowance toward the cost of such appliances, it will not cover any replacement for five (5) years.	19
Duplicate dentures, cleaning of <i>prosthetic appliances</i> , temporary dentures, surgical placement or removal of implants or attachments to implants, or crowns and copings in conjunction with overdentures are not covered.	20
	21
9. Orthodontics.	22
Correction or prevention of malocclusion. Under the Preferred Dental Plan only, occlusal guards for bruxism are covered.	23
Any services or supplies for orthodontic treatment (straightening of teeth) including correction or prevention of malocclusion, except as specifically provided as orthodontic care, are not covered.	24
	25
10. General anesthesia.	26
a. General anesthesia is covered when <i>medically necessary</i> and administered by a <i>dentist</i> in connection with a covered oral, endodontic, or periodontal surgical procedure.	27

- b. (Prepaid Dental Plan only) General anesthesia is covered when *medically necessary* for children through age six (6) and younger or for a physically or developmentally disabled person when administered in connection with a covered dental procedure.

B. Dental Plan Exclusions

The plans will not pay for charges for or related to:

1. Services payable under workers' compensation or employers' liability laws of any federal or state or provincial government agency or provided free to the eligible person by any similar agency, except to the extent that these payments are insufficient to pay for covered dental benefits.
2. Procedures, appliances, or restorations primarily for cosmetic purposes, including laminates or bleaching of teeth.
3. Any charge incurred while not covered under a *Company-sponsored plan*; however,
 - a. Where the covered dental benefit was noted by the *dentist* as required before the employee terminated employment (unless the benefit was subject to the predetermination procedure and was submitted to the *service representative*), services are covered if performed during the three (3) calendar months after the termination.
 - b. Charges in connection with a prosthetic device, which includes the abutment crowns of a partial denture, are covered if denture impressions were taken while the employee was actively employed and covered under these dental plans and were installed or delivered within the three (3) calendar months after termination of the employee's employment. Charges are not covered if denture impressions were taken before coverage began or after the date the employee terminated employment, unless they meet the requirements of subsection a. above.
 - c. Charges in connection with a crown required to restore a tooth (independent of the use of the crown in connection with a partial denture) are covered if the tooth was prepared for the crown while the person was eligible or the crown was installed in accordance with subsection a. above.
 - d. Charges in connection with covered orthodontic treatment are covered if performed during the three (3) calendar months after termination of the employee's employment.
4. Analgesics (such as nitrous oxide or intravenous sedation) or any other euphoric drugs, injections, or prescription drugs.
5. Hospitalization charges.
6. Full mouth reconstruction (extensive treatment plans involving ten (10) or more crowns or units of fixed bridgework).
7. Failure to keep a scheduled dental appointment.
8. All other services not specified as covered dental benefits or not specifically included in this program.
9. Covered dental benefits for orthodontic care over the \$2,000 lifetime maximum benefit for each eligible person.
10. Application of desensitizing medications.
11. Experimental dental services or supplies (and related complications) whose use is not generally recognized by the American Dental Association as tested and accepted dental practice. This

exclusion also applies to items requiring Food and Drug Administration or other governmental agency approval if not granted when the service or supply was ordered.

12. Services to treat temporomandibular joints (jaw joints).
13. Patient management problems.
14. Completing insurance forms.
15. Laboratory examination of tissue specimen.
16. Habit-breaking appliances.
17. (Prepaid Dental Plan only) Services or treatment which in the opinion of the *participating provider* are not necessary for the patient's dental health.
18. (Prepaid Dental Plan only) Removable partial bridges are covered only if replacing two (2) or more missing teeth in the same arch. Fixed bridges to replace missing teeth are considered optional treatment; the patient is responsible for the difference in cost between the *dentist's* allowable fees for the covered removable bridge benefit and the fixed bridge. Replacement of an exact existing fixed bridge is covered only if the existing bridge is at least five (5) years old and cannot be made serviceable.

SECTION 14. PREFERRED DENTAL PLAN

A. Description of Preferred Dental Plan

Under the Preferred Dental Plan, employees and eligible dependents may receive dental care from any licensed *dentist*. However, benefits are paid at a higher level if the services are received from a *network provider*. *Network providers* have agreed to bill the Plan's *service representative* directly, eliminating the need for claim forms.

B. Plan Payment Levels

The Plan pays for covered services and supplies as follows:

1. Services and supplies received from *network providers*.
 - a. Diagnostic and preventive services and supplies are paid at ninety (90) percent of charges.
 - b. Oral surgery, minor restorative, periodontic, endodontic, and pedodontic services and supplies are paid at eighty (80) percent of charges.
 - c. Major restorative, prosthodontic, and orthodontic services and supplies are paid at sixty (60) percent of charges.
2. Services and supplies received from other covered *dentists* who are not *network providers*.
 - a. Diagnostic and preventive services and supplies are paid at seventy (70) percent of *maximum allowable fees*.
 - b. Oral surgery, minor restorative, periodontic, endodontic, and pedodontic services and supplies are paid at seventy (70) percent of *maximum allowable fees*.

c. Major restorative and prosthodontic services and supplies are paid at fifty (50) percent of *maximum allowable fees*.

d. Orthodontic services and supplies are paid at sixty (60) percent of *maximum allowable fees*.

C. Maximum Benefits

Except for orthodontic treatment, the maximum benefit payable for all dental services is \$2,000 for each eligible person each year.

For orthodontic treatment, the lifetime maximum benefit payable during all periods the eligible person is covered under this Plan is \$2,000.

SECTION 15. PREPAID DENTAL PLAN

A. Description of Prepaid Dental Plan

The Prepaid Dental Plan offers complete dental care to employees and eligible dependents by a *network of participating providers*.

B. Provider Selection

Employees must select a *participating provider* at enrollment. All covered dental services, except orthodontic and out-of-area emergency care, are provided to the employee and eligible dependents by this selected provider.

Employees wishing to transfer to another *participating provider* must contact the *service representative*. An approved transfer is effective the first day of the month following receipt of the change request by the *service representative*, if received by the 25th of the month.

Orthodontic care may be obtained from any licensed *dentist*.

C. Plan Payment Levels and Maximum Benefits

The Plan provides all necessary covered dental services and supplies at no cost to employees and eligible dependents except as specified below, subject to the plan's exclusions and limitations.

1. The Plan pays fifty (50) percent of *maximum allowable fees* for orthodontic services to a \$2,000 lifetime maximum during all periods the eligible person is covered under the Plan.
2. The Plan pays up to \$50 of reasonable charges for out-of-area emergency services and supplies.

D. Out-of-Area Emergencies

The Plan provides an *out-of-area emergency benefit* for dental services and supplies provided by a licensed *dentist* who is not a member of the prepaid provider *network*. Out-of-area means the covered person is more than fifty (50) miles from the selected *participating provider*. The Plan pays reasonable charges for these services and supplies, without prior approval, to a maximum of \$50. Payment for out-of-area emergencies is made only if all these conditions apply:

1. The dental care is provided by a *dentist* outside the Plan's service area.
2. The service or supply is covered under the Plan.

3. The dental care is required for an acute condition and is provided solely for the immediate relief of that condition.
4. The patient could not have been reasonably expected to go to the selected *participating provider* for the care.

SECTION 16. SCHEDULED DENTAL PLAN

A. Description of Scheduled Dental Plan

The Scheduled Dental Plan pays for covered expenses, to the maximum amounts listed in the Schedule of Covered Dental Services (Section 16.F), in connection with the prevention, diagnosis, or treatment of dental disease or treatment of a nonoccupational accidental injury.

B. Provider Selection

Employees and eligible dependents may receive dental care from any licensed dentist. They also may receive covered prosthodontic services from any licensed dentist.

C. Deductibles

Deductibles are expenses for certain covered services and supplies that the employee or dependent must pay each year before benefits are payable. Covered dental expenses are divided into two (2) categories for the purpose of applying deductibles:

1. Diagnostic and preventive services.

Deductibles are not applied to covered dental expenses in this category.

2. All other covered dental expenses.

The deductible for this category is \$25 each year for each person covered under the Plan. However, if three (3) or more family members have a combined deductible totaling \$75, no further deductible will be applied for any covered family member during the remainder of the year.

D. Plan Payment Levels

After satisfaction of the yearly deductible (and subject to the limitations and exclusions of the Plan), the Plan pays for covered services and supplies as follows:

1. The Plan pays the *maximum allowable fees* for the services listed below, but not more than the maximum expense indicated for each service in the Schedule of Covered Dental Services (Section 16.F).
 - a. Oral examinations, including scaling and cleaning of teeth.
 - b. Topical application of sodium or stannous fluoride.
 - c. Application of a fissure sealant.
 - d. Dental X-rays.
 - e. Extractions, including those required to correct malocclusion.

- f. Oral surgery, including excision of impacted teeth.
 - g. Fillings.
 - h. Treatment of periodontal and other diseases of the gums and mouth.
 - i. Endodontic treatment, including root canal therapy.
 - j. Space maintainers.
 - k. Crowns and initial installation of fixed bridgework (including inlays and crowns to form abutments).
 - l. Initial installation (including adjustments during the six (6)-month period following installation) of a prosthetic device (including crowns and inlays that form abutments).
 - m. Replacement of an existing partial or full removable denture or fixed bridgework or the addition of teeth to an existing partial removable denture or to bridgework, but only if evidence satisfactory to the service representative is presented that:
 - 1) The existing denture or bridgework was installed at least five (5) years prior to its replacement and that the existing denture or bridgework cannot be made serviceable, or
 - 2) The existing denture or bridgework is an immediate temporary denture or bridgework and replacement by a permanent denture or bridgework is required, and takes place within twelve (12) months from the date of installation of the immediate temporary denture or bridgework.
 - n. Repair or recementation of inlays, crowns, bridgework, dentures, or relining of dentures.
 - o. Orthodontic care.
2. The allowance for a dental procedure not listed in the Schedule of Covered Dental Services is determined by taking into account the nature and complexity of the treatment. The allowance is consistent with those listed in the schedule. In no event will an allowance for an unlisted service be made for a procedure covered by the Medical Plan.

E. Maximum Benefits

Except for orthodontic treatment, the maximum benefit payable for all dental services is \$2,000 for each eligible person each year.

For orthodontic treatment, the lifetime maximum benefit payable during all periods the eligible person is covered under this Plan is \$2,000.

F. Schedule of Covered Dental Services

ADA Code (1-1-03)	Maximum Covered Expense
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DIAGNOSTIC

Examinations (limit one per course of treatment):

D0150	Comprehensive oral evaluation	\$48
D0120	Periodic oral exam	26
D0140	Limited oral evaluation	37

ADA Code (1-1-03)	Maximum Covered Expense	
Radiographs (X-rays):		
Complete mouth X-rays (limit once in a five-year period)		
D0210	Intraoral (including bitewings) \$69	
D0330	Panoramic 53	
Intraoral periapical		
D0220	Single, first film 14	
D0230	Each additional film 11	
Bitewings (limit once in a 12-month period)		
D0270	Single film 13	
D0272	Two films 21	
D0274	Four films 32	
PREVENTIVE		
Prophylaxis (limit once in a four-month period):		
D1110	Age 14 and over 58	
D1120	To age 14 37	
Fluoride Treatment (limit once in a six-month period):		
D1203/D1204	Topical application of fluoride 21	
Fissure Sealants (to age 16):		
D1351	Topical application of fissure sealants (per quadrant) 26	
MINOR RESTORATIONS		
Amalgam Restorations:		
D2140	Primary or permanent - one surface 58	
D2150	Primary or permanent - two surfaces 74	
D2160	Primary or permanent - three surfaces 95	
D2161	Permanent - four surfaces 116	
D2951	Pin retention - exclusive of amalgam 16	
Other Minor Restorations:		
D2330	Resin - one surface anterior 69	
D2331	Resin - two surfaces anterior 90	
D2332	Resin - three surfaces anterior 116	
D2335	Resin - four or more surfaces anterior 127	
D2391	Resin-based composite - one surface (primary or permanent) 74	
D2392	Resin-based composite - two surfaces (primary or permanent) 100	
D2393	Resin-based composite - three surfaces (primary or permanent) 127	
MAJOR RESTORATIONS		
Inlays and Onlays:		
D2510	Gold inlay - one surface 217	
D2520	Gold inlay - two surfaces 275	
D2530	Gold inlay - three surfaces 317	
D2542	Metallic onlay - two surfaces 379	
D2543	Metallic onlay - three surfaces 412	
D2544	Metallic onlay - four surfaces 412	
D2910	Recurrent inlay 32	
Crowns:		
D2720	Resin w/high noble metal 380	
D2721	Resin w/predominantly base metal 380	

1	ADA Code		Maximum
2	(1-1-03)		Covered Expense
3			
4		(Crowns, cont.)	
5	D2722	Resin w/noble metal	.380
6	D2740	Porcelain/ceramic noble	.380
7	D2750	Porcelain fused to high noble	.380
8	D2751	Porcelain to predominantly base metal	.380
9	D2752	Porcelain fused to noble	.380
10	D2790	Full cast high noble metal	.380
11	D2791	Full cast predominantly base metal	.380
12	D2792	Full cast noble metal	.380
13	D2782	Crown - 3/4 cast noble metal	.380
14	D2930/D2931	Stainless steel	.85
15	D2970	Temporary (fractured tooth)	.63
16	D2950	Crown buildup	.116
17	D2920	Recurrent crown	.42
18			
19		ENDODONTICS	
20	D3110	Pulp cap - direct	.32
21	D3120	Pulp cap - indirect	.26
22	D3220	Vital pulpotomy	.69
23			
24		Root Canal Therapy (includes treatment plan, clinical	
25		procedures, and follow-up care; excludes final restoration):	
26	D3310	Single rooted	.312
27	D3320	Bi-rooted	.412
28	D3330	Tri-rooted	.512
29	D3410	Apicoectomy (performed as a separate surgical procedure)	.412
30			
31		PERIODONTICS	
32		Nonsurgical Services:	
33	D0180	Comprehensive periodontal evaluation	.74
34	D4910	Periodontal prophylaxis (limit once in a four-month period)	.79
35	D9951	Occlusal adjustment (limited)	.106
36	D9952	Occlusal adjustment (complete)	.306
37	D4341	Periodontal scaling and/or root planing (per quadrant)	.95
38			
39		Surgical Services:	
40	D4210	Gingivectomy (per quadrant)	.291
41	D4260	Osseous surgery (per quadrant)	.644
42	D4271	Free soft tissue grafts	.417
43	D7340	Vestibuloplasty	.349
44			
45		PROSTHODONTICS	
46		Dentures (includes six months postdelivery care):	
47	D5110/D5120	Complete upper or lower	.481
48	D5130/D5140	Immediate upper or lower	.528
49	D5211/D5212	Partial upper or lower acrylic base	
50		(including any conventional clasps and rests)	.317
51	D5213/D5214	Partial upper or lower, predominantly cast base with	
52		acrylic saddles (including any conventional clasps and rests)	.581
53			
54		Related Denture Services:	
55	D5410-D5422	Denture adjustment (complete or partial)	.34
56	D5510	Repair denture (no teeth damage)	.48

ADA Code (1-1-03)		Maximum Covered Expense	
	(Related Denture Services, cont.)		
D5520	Replace missing or broken tooth (per tooth)	\$48	
D5710-D5721	Denture conversion	148	
D5730-D5741	Reline denture - office79	
D5750-D5761	Reline denture - lab	148	
	Bridgework:		
D6240-D6242	Pontic - porcelain - high noble, noble, and predominantly base	370	
D6250-D6252	Pontic - resin - high noble, noble, and predominantly base	370	
D6930	Recurrent bridge63	
	ORAL SURGERY		
	Extractions (includes local anesthesia and routine postoperative care):		
D7140	Extraction, erupted tooth or exposed root63	
D7210	Erupted tooth	127	
D7220	Impacted tooth - soft tissue	143	
D7230	Impacted tooth - partially bony	185	
D7240	Impacted tooth - completely bony	227	
D7250	Root recovery (per tooth)	132	
	Related Oral Surgical Procedures:		
D7310	Alveoloplasty - per quadrant	106	
D7510	Incision and drainage of abscess - intraoral85	
D7960	Frenectomy (separate procedure)	190	
	General anesthesia (when not provided at a hospital):		
D9220	First 30 minutes	185	
D9221	Each additional 15 minutes (or major fraction thereof)63	
	ORTHODONTICS (coverage for employees and dependents)		
	50 percent of maximum allowable fees to a lifetime maximum benefit of \$2,000		

If two (2) or more dental services are rendered, payment will be made, subject to the provisions of the Scheduled Dental Plan, for each dental service unless the Schedule of Covered Dental Services specifies a maximum amount for a particular combination of the services rendered.

G. Limitations on Benefits

Covered dental services do not include and no benefits are payable for:

- Charges for treatment by other than a dentist. However, this Plan will cover certain treatment by a licensed dental hygienist if the treatment is supervised by a dentist. The term dentist means a legally qualified dentist practicing within the scope of such license. For the purposes of this Plan, the term dentist also includes a legally qualified physician authorized by license to perform the particular dental services that such person has rendered.
- Charges for services or supplies that are partially or wholly cosmetic in nature, including charges for personalization or characterization of dentures.
- Any charge incurred while not covered under this Plan. However, where the covered dental benefit was noted by the dentist as required before the employee terminated employment, services are covered if performed during the three (3) calendar months after the termination.

- a. In connection with the charges for a prosthetic device which includes the abutment crowns of a partial denture, such charges will be covered if the impressions were taken while the employee was employed and covered under this Plan and installed or delivered to the patient within the two (2) calendar months following termination of the employee's employment. Charges will not be covered if the impressions were taken before the date coverage commenced or if taken after the date of termination of the employee's employment.
 - b. In connection with the charges for a crown required for the restoration of a tooth (independent of the use of the crown in connection with a partial denture), such charges will be covered if the tooth was prepared for the crown while the employee was employed and covered under this Plan and the crown is placed within the two (2) calendar months following termination of the employee's employment.
4. Charges for the replacement of a lost or stolen prosthetic device.
 5. Charges for any services or supplies that are for orthodontic treatment (straightening of teeth), including correction or prevention of malocclusion, except as specifically provided.
 6. Charges for treatment in connection with occupational accidents or illnesses covered by any workers' compensation law.
 7. Charges for prophylaxis more often than once in each four (4)-month period.
 8. Separate charges for anesthetics or the administration thereof, anesthetic supplies, or drugs, except general anesthesia when medically necessary.
 9. That portion of a charge that exceeds *maximum allowable fees* or exceeds the maximum covered expense as shown in the Schedule of Covered Dental Services (Section 16.F).
 10. Charges listed as exclusions in Section 16.H.
 11. Charges for periodontal services or supplies, including periodontal splinting or bridgework, not specifically listed in the periodontics section of the Schedule of Covered Dental Services.
 12. Charges for treatment of temporomandibular joint disease and myofascial pain dysfunction syndrome (TMJ/MPDS).

H. Scheduled Dental Plan Exclusions

No benefits are payable under this Plan for the charges listed below; the amount of any such charges will be deducted from the patient's expenses before the covered dental expenses are used to satisfy the deductible or before the benefits of this Plan are determined:

1. Charges that would not have been made if this Plan did not exist or charges that neither the employee nor any of the dependents of the employee is required to pay.
2. Charges for services or supplies that are furnished or paid for by reason of the past or present service of any person in the armed forces of a government.
3. Charges for services or supplies that are paid for or otherwise provided for under any law of a government, except where the payments or the benefits are provided by the government for its own civilian employees and their dependents, subject to the coordination of benefit provisions.
4. Charges for services or supplies that are not necessary for treatment of the injury or illness or are not recommended and approved by the attending dentist or charges that are unreasonable.

5. Charges for failure to keep a scheduled visit with the dentist.
6. Charges for completing claim forms.

SECTION 17. COORDINATION OF BENEFITS

If an employee or dependent has medical, dental, or other health coverage in addition to being covered under these medical and dental plans, the following rules govern coordination of benefits with the other coverage. Other coverage includes, whether insured or uninsured, another employer's group benefit plan, other arrangement of individuals in a group, Medicare (to the extent allowed by law), individual insurance or health coverage, and insurance that pays without consideration of fault.

The *service representative* has the right to obtain and release any information or recover any payment it considers necessary to administer these provisions.

The exclusion of government benefits and services is described in "Medical Plan Exclusions" in Section 12.H, in "Dental Plan Exclusions" in Section 13.B, and in "Scheduled Dental Plan Exclusions" in Section 16.H.

A. Order of Payment

The primary plan pays its benefits first and pays its benefits without regard to benefits that may be payable under other plans. When another plan is the primary plan for health care coverage, the secondary plan pays the difference between the benefits paid by the primary plan and what would have been paid had the secondary plan been primary.

1. A plan is considered primary if
 - a. It has no order of benefit determination rules.
 - b. It has benefit determination rules that differ from coordination of benefit rules under state regulations or, if not insured, that differ from these rules.
 - c. All plans that cover an individual use the same coordination of benefit rules, and under those rules, the plan is primary.
2. If the aforementioned rules do not determine which group plan is considered primary, this plan applies the following coordination of benefit rules:
 - a. A plan that covers a person as an employee, retiree, member, or subscriber pays before a plan that covers the person as a dependent.
 - b. A plan that covers a person as an active employee or dependent of an active employee is primary. The plan that covers a person as a retired, laid-off, or other inactive employee or as a dependent of a retired, laid-off, or other inactive employee is secondary.
 - c. If a dependent child is covered under both parents' group plans, the child's primary coverage is provided through the plan of the parent whose birthday comes first in the calendar year, with secondary coverage provided through the plan of the parent whose birthday comes later in the calendar year.
 - d. If a dependent child's parents are divorced or separated and a court decree establishes financial responsibility for the health care coverage of the child, the plan of the parent with such financial responsibility is the primary plan of coverage. If the divorce decree is silent on the issue of coverage, the following guidelines are used:

- 1) The plan of the parent with custody pays benefits first.
- 2) The plan of the spouse of the parent with custody pays second.
- 3) The plan of the parent without custody pays third.
- 4) The plan of the spouse of the parent without custody pays fourth.

- e. If none of the aforementioned rules establishes which group plan should pay first, then the plan that has covered the person for the longest period is considered the primary plan of coverage.
- f. Continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) always is secondary to other coverage, except as required by law.
- g. If the employee or dependent is confined to a hospital when first becoming covered under this plan, this plan is secondary to any plan already covering the employee or dependent for the eligible expenses related to that hospital admission. If the employee or dependent does not have other coverage for hospital and related expenses, this plan is primary.

Benefits under a *Company-sponsored* medical or dental plan are not coordinated with benefits paid under any other group plan offered by the Company. An employee can receive benefits from only one (1) *Company-sponsored* medical or dental plan. However, when dental services performed by a licensed dentist also are covered under the medical plan, the dental plan pays its benefits first and the medical plan is secondary.

Federal rules govern coordination of benefits with Medicare. In most cases, Medicare is secondary to a plan that covers a person as an active employee or dependent of an active employee. Medicare is primary in most other circumstances.

B. Traditional Medical Plan

The primary plan pays benefits without regard to any other plan. When the Traditional Medical Plan is secondary, it adjusts benefits so that the total payable under both plans for expenses covered under the Traditional Medical Plan is not more than would be payable under the Traditional Medical Plan. Neither plan pays more than it would without coordination of benefits.

Plan means any plan providing medical, dental, vision care, hearing aid benefits, or treatment under individual insurance, group insurance, or any other coverage for individuals in a group, whether on an insured or uninsured basis.

Treatment of end-stage renal disease is covered by the Traditional Medical Plan for the first thirty (30) months following Medicare entitlement due to end-stage renal disease, and Medicare provides secondary coverage. After this thirty (30)-month period, Medicare provides primary coverage and the Traditional Medical Plan provides secondary coverage.

C. Coordinated Care Plans

Coordination of benefit provisions vary by plan.

D. Dental Plans

Benefits payable under the Scheduled Dental Plan, Preferred Dental Plan, and Prepaid Dental Plan take into account any coverage (including orthodontic coverage) the employee or family members have under another plan.

Plan means any plan providing medical, dental, vision care, hearing aid benefits, or treatment under group insurance or any other coverage for individuals in a group, whether on an insured or uninsured basis. However, plan excludes any medical plan sponsored by the Company. This means the dental plans pay first when dental expenses performed by a *dentist* also are covered by any medical plan sponsored by the Company.

The dental plans always pay regular benefits in full or a reduced amount that, when added to benefits payable by another plan, equals one hundred (100) percent of allowable expenses.

Allowable expense means any charge, up to the *maximum allowable fees*, incurred during a year and while eligible for benefits under the Scheduled Dental Plan, Preferred Dental Plan, or Prepaid Dental Plan part or all of which would be covered under any of the plans.

No benefits are payable under this provision unless the charges were incurred in connection with a dental service or treatment.

SECTION 18. WHEN AN INJURY OR ILLNESS IS CAUSED BY THE NEGLIGENCE OF ANOTHER

If a third party is legally liable for an injury or illness to a person covered under these short term disability, medical, and dental plans, regular plan benefits will be paid if the injured person agrees to cooperate with the *service representative* in administering the plan's subrogation rights. This includes providing all the necessary and requested information and submitting bills related to the injury or illness to any applicable insurer. The injured person also must agree to reimburse the plan if he or she recovers payment from the liable party or any other source. A third party includes any party possibly responsible for causing or compensating the injury or illness of a person covered under this plan, or the covered person's automobile, homeowner's, or other insurance coverage.

SECTION 19. DEFINITIONS

The following definitions apply to italicized terms in this document:

1. *Actively at work* means the employee is attending to his or her normal duties at the assigned place of employment. On a holiday, vacation day, weekend day, or other regularly scheduled day off, *actively at work* means the employee is not ill, injured, or otherwise disabled or confined to a hospital or similar institution, and is performing the normal activities of a person of his or her gender and age.
2. *Allowed charge* (Traditional Medical Plan, including preferred pharmacy card program) means the amount that would have been paid for like services or supplies to a *network provider* or *participating pharmacy* who has a participation agreement with the *service representative*.
3. *Birth center* means a facility for normal delivery operating under the direction and control of the licensing or regulatory agency in its location.
4. *Chiropractor* means a person duly licensed in the area where his or her services are performed and practicing within the scope of that license.
5. *Christian Science sanatorium* means a facility that, at the time of the healing treatment, is operated (or listed) and certified by the First Church of Christ, Scientist, in Boston, Massachusetts.

- 1 6. *Company-sponsored plan* means a group health care or dental plan approved by Boeing or one of
2 its subsidiaries or affiliates for its employees and dependents. This includes the Traditional
3 Medical Plan, coordinated care plans, health maintenance organizations, Preferred Dental Plan,
4 Prepaid Dental Plan, and Scheduled Dental Plan.
5
6 7. *Custodial care* means care that does not require the continuing services of skilled medical or health
7 professionals and is primarily to assist patients in activities of daily living, including institutional
8 care primarily to support self-care and provide room and board. Custodial care includes, but
9 is not limited to, help in walking, getting into and out of bed, bathing, dressing, feeding and
10 preparation of special diets, and supervision of medications that are ordinarily self-administered.
11
12 8. *Dentist* means a legally qualified dentist practicing within the scope of his or her license.
13
14 9. *Experimental or investigational service or supply* means
15
16 a. A service or supply that meets at least one of the following criteria:
17
18 1) It requires approval by the Food and Drug Administration or other government agency,
19 which approval has not been granted when the service or supply is ordered.
20
21 2) It has been classified by the national Blue Cross and Blue Shield Association as
22 experimental or investigational.
23
24 3) It is under clinical investigation by health professionals.
25
26 4) It is not generally recognized by the medical profession as tested and accepted medical practice.
27
28 b. However, a service or supply will not be considered experimental or investigational if it is part
29 of an approved clinical trial. An approved clinical trial is one that meets each of the criteria
30 in either Category 1 or 2 below.
31
32 1) Category 1
33
34 a) The trial has been approved by the National Institutes of Health, the Food and
35 Drug Administration, the Department of Veterans Affairs, or a research center
36 approved by the Plan's *service representative*.
37
38 b) The trial has been reviewed and approved by a qualified institutional review board.
39
40 c) The facility and personnel have sufficient experience and training to provide the
41 treatment or use the supplies.
42
43 2) Category 2
44
45 a) The trial is to treat a condition that is too rare to qualify for approval under
46 Category 1.
47
48 b) The trial has been reviewed and approved by a qualified institutional review board.
49
50 c) The facility and personnel have sufficient experience and training to provide the
51 treatment or use the supplies.
52
53 d) The available clinical or preclinical data provide reasonable expectation that the trial
54 treatment will be at least as effective as noninvestigational therapy.
55
56 e) There is no therapy clearly superior to the trial treatment.

10. *Experimental nature* (vision care benefit) means a procedure or lens that is not used universally or accepted by the vision care profession, as determined by the *service representative*.
11. *Home health aide* means an individual employed by a *home health care agency* or a *hospice agency* who provides, under the supervision of a registered nurse or *physical therapist* or *speech therapist*, part-time or intermittent personal care, ambulation and exercise, household services essential to health care at home, and assistance with medications ordinarily self-administered; reports on changes in patients' conditions; and completes appropriate records.
12. *Home health care agency* means a public or private organization that administers and provides home health care and is either Medicare certified or operating under the direction and control of the licensing or regulatory agency in its location.
13. *Home health (or hospice) care treatment plan* means a written program for continued care and treatment by the patient's attending *physician*. This plan must be reviewed and the continued need for care must be certified by a *physician* at least every two (2) months.
14. *Hospice agency* means a public or private organization that administers and provides hospice care and is either Medicare certified or operating under the direction and control of the licensing or regulatory agency in its location.
15. *Hospital* means an accredited institution licensed by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) as a general hospital.
16. *Legend drug* means any drug that is required by Federal law to be labeled "Caution: Federal law prohibits dispensing without a prescription."
17. *Mail service prescription drug program* means a mail service prescription company approved by the *service representative* to provide services under an arrangement with the *service representative*.
18. *Maximum allowable fee* (Dental Plans) means the maximum dollar amount that is allowed in reimbursement for any covered dental service, based on prevailing fees as determined by the *service representative*.
19. *Medically necessary procedure, service, or supply* means one that, in the reasonable opinion of the *service representative*, meets the following criteria:
 - a. It is required to diagnose or treat the patient's condition, and the condition could not have been diagnosed or treated without it.
 - b. It is consistent with the symptom or diagnosis and treatment of the condition.
 - c. It is the most appropriate service or supply essential to the patient's needs.
 - d. It is appropriate as good medical practice.
 - e. It is professionally and broadly accepted as the usual, customary, and effective means of diagnosing or treating the illness, injury, or condition.
 - f. When applied to an inpatient, it cannot safely be provided to the patient as an outpatient.

The fact that a procedure, service, or supply is furnished, prescribed, recommended, or approved by a *physician* does not, of itself, make it medically necessary. A service or supply may be medically necessary in part only.

- 1 20. *Mental illness* means a disorder (including an eating disorder) that exhibits symptomology,
2 etiology, and features congruent with a *Diagnostic and Statistic Manual of Mental Disorders IV*
3 diagnosis of mental disorder.
4
- 5 21. *Network* means a group of health care providers approved by the *service representative* as meeting
6 criteria for efficient care delivery and performing services under a contract with the *service*
7 *representative*.
8
9 The *service representative* may designate certain health care providers and facilities as *network*
10 *providers* for specific medical services through a "centers of excellence" program.
11
- 12 22. *Network provider* means a provider who is a member of a *network*.
13
- 14 23. *Neurodevelopmental therapy* means physical, occupational, and speech therapy for treatment of
15 neurodevelopmental delay. *Neurodevelopmental delay* means lack of development of motor or
16 speech function not due to injury or trauma.
17
- 18 24. *Participating pharmacy* means a pharmacy that has an agreement with the *service representative* to
19 accept payments in excess of the prescription drug coinsurance as payment in full for covered
20 prescription costs.
21
- 22 25. *Participating provider* means a licensed *dentist* who has agreed to render services and receive
23 payment according to the terms and conditions of a written participating provider agreement
24 under the Prepaid Dental Plan.
25
- 26 26. *Patient safety standards* mean established criteria for patient safety related to hospital services. A
27 hospital meets patient safety standards if it meets established criteria such as those listed below.
28 The hospital must publicly certify that it meets all criteria and the statements pertaining to the
29 standards are accurate and reflect normal operating procedures at the hospital. The criteria
30 include:
31
- 32 a. Computerized physician order entry: The hospital requires physicians to enter all medication
33 orders via computer linked to prescribing error-prevention software that helps eliminate
34 confusion over paper prescription orders and alerts providers to negative drug interactions or
35 other possible problems.
36
- 37 b. Intensive care unit staffing: The hospital that operates an adult general medical/surgical ICU
38 assures all ICU patients are managed or co-managed by physicians certified (or eligible for
39 certification) in critical care medicine during daytime hours, and intensivists are on call and
40 available 24 hours a day.
41
- 42 c. Evidence-based hospital referrals: The hospital meets experience criteria for performance of
43 specific, listed complex procedures.
44
- 45 27. *Physical therapist or occupational therapist or speech therapist* means a qualified physical,
46 occupational, or speech therapist licensed in the jurisdiction where his or her services are rendered
47 and practicing within the scope of that license. In locations without licensing requirements,
48 the physical therapist must be certified by the American Physical Therapy Association, the
49 occupational therapist must be certified by the American Occupational Therapy Association, and
50 the speech therapist must be certified by the American Speech and Hearing Association.
51
- 52 28. *Physician* means only a physician who is licensed to prescribe and administer all drugs or to
53 perform surgery. *Physician* also means the following health care professionals if they are licensed
54 in the jurisdiction where they render services and are practicing within the scope of that license:
55
56 a. Podiatrist.

b. Psychologist.	1
c. Optometrist.	2
d. Chiropractor.	3
e. Registered nurse (if services normally would have been performed by a Traditional Medical Plan physician).	4
	5
	6
If a health care professional lawfully performs a service covered by the Traditional Medical Plan when performed by a physician and if applicable law requires recognition of this health care professional under the Traditional Medical Plan, the term physician will include the professional only to the extent required by law.	7
	8
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29. <i>Physician's assistant</i> means a person duly licensed in the area where his or her services are performed and practicing within the scope of such license.	10
	11
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30. <i>Plan administrator</i> means the Boeing Employee Benefit Plans Committee.	14
	15
31. <i>Precertification</i> means prospective review and evaluation of proposed elective <i>hospital, substance abuse treatment facility, and skilled nursing facility</i> admissions as well as home health and hospice care by qualified health care professionals. This evaluation, which uses accepted medical criteria to determine medical necessity and whether treatment could be given in a less intense or more appropriate setting, may include:	16
	17
a. Patient safety review: Referrals to hospitals which meet <i>patient safety standards</i> , including, for specific, listed complex procedures, hospitals that meet experience, volume, and outcomes criteria.	18
	19
b. Length of stay review: A process that begins during precertification review in which medical professionals indicate the number of inpatient days medically appropriate for the proposed admission or certify medical necessity of the intensity or type of services received for home health or hospice care. Follow-up reassessments and extensions are made as medically warranted.	20
	21
	22
	23
	24
	25
c. Concurrent review: Ongoing review while the patient is undergoing treatment in the hospital or receiving care from a <i>home health care agency</i> or <i>hospice agency</i> .	26
	27
	28
	29
d. Discharge planning: Discharge planning is designed to identify patients who could be discharged early if appropriate arrangements are made for covered alternative care.	30
	31
	32
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e. Retrospective review: Retrospective review includes all the steps of precertification review, but after services are rendered. Retrospective review occurs when the medical review program (or <i>referral service</i> for the treatment of <i>substance abuse</i> and <i>mental illness</i>) is not contacted before treatment.	36
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The role of the reviewing organization is to advise on medical appropriateness. The patient and physician decide on the treatment actually performed. Medical review affects payments under the Traditional Medical Plan as specified in Section 12.B.	47
	48
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	50
32. <i>Predisability earnings</i> (Short Term Disability Plan) for a full-time employee means the amount of salary or wages (including shift, lead, and foreign and domestic pay differentials) the employee was receiving from the Company on the day before a period of disability started, calculated on a weekly basis. For a part-time employee, predisability earnings are based on the average <i>weekly salary</i> the employee received from the Company during the six weeks immediately preceding the employee's date of disability.	51
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33. *Prosthetic appliance* means a denture, partial denture, fixed or removable bridge, crown used as a bridge abutment, and other related items.
34. *Referral service* means an organization that manages treatment of *substance abuse* and *mental illness* by contracting with providers of this treatment. The organization is responsible for:
- Assessment of the patient's condition (including crisis intervention).
 - Referrals to *referral service providers*.
 - Precertification* review of treatment for *substance abuse*, *mental illness*, and eating disorders.
 - Initial and ongoing review of provider treatment plans to assure services are *medically necessary* and given in the appropriate setting.
- The referral service is considered the *service representative* for determining medical necessity of *substance abuse* and *mental illness*.
35. *Referral service provider* means a provider performing services under a contract with the *referral service* or a provider meeting *referral service* criteria for care to a designated patient.
36. *Service representative* means an agent who has a contract with the Company to make benefit determinations and administer benefit payments under the plans described in this document. The Company may change a service representative at any time.
37. *Skilled nursing facility* means an institution approved as such by Medicare.
38. *Substance abuse* means alcohol or drug dependence as classified in categories 303.0 to 304.9 of the most current edition of the *International Classification of Diseases, 9th Revision, Clinical Modification*.
39. *Substance abuse (alcoholism and/or drug abuse) treatment facility* means an institution providing treatment for chronic alcoholism and/or drug abuse and operating under the direction and control of the licensing or regulatory agency in its location.
40. *Totally disabled (Short Term Disability Plan)* means all of the following conditions apply:
- The employee is disabled as a result of accidental injury or illness (including a pregnancy-related condition).
 - As a result, the employee is earning 80 percent or less of *predisability earnings*.
 - The employee's accidental injury or illness prevents the employee from performing the material duties of the employee's occupation or other appropriate work the Company makes available.
41. *Usual and customary (Traditional Medical Plan)*, as determined by the *service representative*, is the lowest of these amounts:
- The provider's actual charge to the patient after any discounts or other reductions.
 - The charge most frequently made by the provider to all other patients for comparable services or supplies.
 - The charge most frequently made by providers with similar professional qualifications for comparable services or supplies in the same geographic area.

d. In the service area of a *network*, the amount that would have been paid for like services or supplies to a provider who has a participating agreement with the *service representative*.

The usual and customary charge for an unusual or complicated service will be evaluated by considering charges to treat illnesses or injuries of a comparable nature or complexity.

42. *Weekly salary* (Short Term Disability Plan) means the employee's salary, including shift, lead, and foreign and domestic pay differentials, but excluding bonuses, overtime pay, cost-of-living allowances, incentive compensation, or other compensation the employee receives from The Boeing Company or a participating subsidiary.

SECTION 20. TERMINATION OF COVERAGE

A. Life Insurance Coverage

Life insurance coverage stops on the date employment terminates.

Within thirty-one (31) days after the employee terminates employment, by making application and paying first premium to the Plan's insurer, the employee may convert life insurance coverage to an individual life insurance policy on any regular whole life insurance plan. This individual policy will be issued, without medical examination, at the insurer's regular rates. The amount of life insurance converted cannot exceed the amount in force on the date insurance terminates.

If, after an individual conversion policy is issued, benefits under the Life Insurance Plan are continued due to total disability, the individual policy must be surrendered without claim other than the return of paid premiums.

If the employee dies within the thirty-one (31)-day conversion period, the conversion amount is payable.

An employee who is being transferred and is no longer eligible for coverage under the Life Insurance Plan, but who remains employed by the Company or one of its subsidiaries, also may convert the difference between the amount of life insurance provided by the Life Insurance Plan less the amount provided by the plan for which the employee has become eligible. Application must be made within thirty-one (31) days of the date of transfer.

B. Accidental Death and Dismemberment Coverage

Accidental death and dismemberment coverage stops on the date employment terminates.

C. Short Term Disability Coverage

Short term disability coverage stops on the date employment terminates.

D. Medical Coverage

Medical coverage for the employee and dependents stops at the end of the calendar month in which the employee terminates employment or the end of the last month required contributions are paid, whichever occurs first. If earlier, a dependent's coverage stops at the end of the month in which he or she no longer qualifies as a dependent.

However, coverage may be continued under certain circumstances as specified below. Any required contributions must be paid during these periods for coverage to continue.

1. In case of layoff, medical coverage for employees and dependents continues until the employee is covered by any other group medical plan either as an employee or as a dependent, but in no event beyond three (3) months after the date of layoff.
2. If the employee dies (other than from an industrial accident), medical coverage continues for eligible dependents until the earlier of twelve (12) months after the employee's death or when the dependents become covered by any other group medical plan.
3. If the employee dies from an industrial accident, medical coverage continues for eligible dependents until the earlier of thirty-six (36) months after the employee's death or when the dependents become covered by any other group medical plan.

The service representative will make available to a terminating employee an individual program of medical benefits similar to those then being issued for group conversion. The benefits provided under the individual plan will not exactly duplicate the benefits provided under this group medical plan. This conversion privilege is also available to covered dependents who cease to qualify under the group policy and to surviving covered dependents if the employee dies. No evidence of insurability is required.

E. Dental Coverage

Dental coverage for the employee and dependents stops at the end of the calendar month in which the employee terminates employment. If earlier, a dependent's coverage stops at the end of the calendar month in which the dependent no longer qualifies as a dependent.

1. If the employee dies (other than from an industrial accident), dental coverage continues for eligible dependents until the earlier of twelve (12) months after the employee's death or when the dependents become covered by any other group dental plan.
2. If the employee dies from an industrial accident, dental coverage continues for eligible dependents until the earlier of thirty-six (36) months after the employee's death or when the dependents become covered by any other group dental plan.

F. Change in Eligible Class of Employment

When an employee remains employed by the Company but is no longer in the employee class eligible for coverage under this Package, coverage for the employee and dependents stops at the end of the month in which the employee's transfer is effective. If the employee becomes totally disabled before coverage ends under the Package, the life insurance, accidental death and dismemberment, and short term disability benefits of the Package, which would have continued if the employee had stayed in the eligible class, will continue during the total disability instead of all other Company life insurance, accidental death and dismemberment, and short term disability benefits.

G. Continuation of Medical and Dental Coverage (COBRA)

If medical and dental coverage for the employee and dependents (including a same-gender domestic partner and his or her children) otherwise would terminate due to one of the following reasons, these benefits may continue for specified periods under Public Law 99-272, Title X, as amended, if the individual makes a timely request to the Company and pays the required contribution:

1. Reduction in hours or termination of employment for any reason.
2. The employee's death.
3. The employee's divorce or dissolution of a same-gender domestic partner relationship.

4. A dependent child ceasing to be a dependent as defined under this Package. (A child eligible to be continued under the Package's incapacitated child provision still will be considered to have dependent status.)
5. A dependent's loss of eligibility because the employee became eligible for Medicare.

SECTION 21. LEAVES OF ABSENCE

When an employee is absent with leave, coverage may continue as follows; any required contributions must be paid during these periods for coverage to continue.

A. Approved Medical Leaves of Absence

An employee who is eligible for coverage and begins an approved medical leave of absence due to a total disability is eligible for the Package the same as an active employee until the last day of the calendar month in which the leave began. (Eligible dependents also are eligible for medical and dental benefits.)

If the employee is totally disabled and remains on an approved medical leave of absence that extends beyond this period, the employee's life insurance, accidental death and dismemberment, short term disability, medical, and dental benefits (and dependent medical and dental benefits) continue up to six (6) full consecutive calendar months during the approved medical leave with Company contributions.

If the approved medical leave extends beyond this six (6)-month period due to continuous total disability, medical coverage for the employee continues for up to an additional twenty-four (24) months with Company contributions. (If an employee is not on an approved medical leave and has been totally disabled for six (6) consecutive months, this twenty-four (24)-month provision may apply.) Medical coverage ends earlier if the employee becomes eligible for Medicare or is no longer considered totally disabled. The employee also may continue the life insurance, accidental death and dismemberment, and dental benefits (and medical and dental benefits for eligible dependents) during this time by paying the required rates on or before the 10th day of the month in which they are due. Life insurance waiver of premium may apply if approved by the service representative.

If the total disability continues beyond the thirty (30)-month period, or a covered family member is considered disabled by Social Security during the seventh or eighth month of the absence, the employee may continue medical and dental coverage for himself/herself and eligible dependents for up to five (5) more months by paying one hundred fifty (150) percent of the cost of coverage. The employee may continue life insurance and accidental death and dismemberment coverage for the duration of the approved leave of absence.

B. Other Approved Leaves of Absence

An employee who is eligible for coverage and begins an approved leave of absence is eligible for the Package the same as an active employee until the last day of the calendar month in which the leave began. (Eligible dependents also are eligible for medical and dental benefits.)

If the approved leave extends beyond this time, the employee's life insurance, accidental death and dismemberment, short term disability, medical, and dental benefits (and dependent medical and dental benefits) continue for up to three (3) full consecutive calendar months with Company contributions.

If the approved leave extends beyond this time, the employee may continue life insurance coverage for the duration of the approved leave of absence by self-paying the premiums.

1 **C. Family and Medical Leave Act of 1993**

2
3 If the required coverage for family and medical leaves of absence under the Family and Medical Leave
4 Act of 1993 is more generous than that already provided in Section 21.A and Section 21.B, the
5 Company provides any required additional coverage under its group health plans.
6

7 **D. Uniformed Services Leave of Absence**

8
9 If the employee takes a leave of absence for service in the U.S. uniformed services (including the
10 military, National Guard, and the Commissioned Corps of the Public Health Service), he or she is
11 covered under the Package until the end of the month in which the leave began. If the employee
12 remains on an approved leave of absence, coverage under the Package continues until the end of the
13 third full calendar month of the leave as if the individual were an active employee on an approved
14 nonmedical leave of absence.
15

16 If uniformed service extends beyond three (3) months, the employee may continue medical and
17 dental coverage under COBRA.
18

19 If the employee returns to active employment promptly after uniformed service, according to federal
20 law the Package is reinstated on the date the employee returns to the active payroll.
21

22 **E. Changes in Leave Types**

23
24 For an employee changing directly from an approved nonmedical leave to an approved medical leave
25 or from an approved medical leave to an approved nonmedical leave, the coverage period provided
26 with Company contributions under one type of leave reduces the coverage period provided with
27 Company contributions under the other type of leave.
28

29 **F. Successive Periods of Leaves of Absence**

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31 Two (2) medical leaves of absence separated by fewer than thirty (30) days of continuous work are
32 considered one (1) leave of absence unless the second leave is due to entirely unrelated conditions.
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ATTACHMENT B

**SOCIETY OF PROFESSIONAL ENGINEERING
EMPLOYEES IN AEROSPACE**

RETIREE MEDICAL PLAN

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2	ELIGIBLE DEPENDENTS OF RETIRED EMPLOYEES	B-3
3	HOW TO ENROLL	B-4
4	EFFECTIVE DATE OF COVERAGE	B-6
5	COMPANY AND RETIRED EMPLOYEE CONTRIBUTIONS	B-7
6	RETIREE MEDICAL PLAN	B-7
7	TERMINATION OF COVERAGE	B-7

SECTION 1.
ELIGIBLE RETIRED EMPLOYEES

To be eligible for the Retiree Medical Plan, the employee must retire from the service of the Company under The Boeing Company Employee Retirement Plan at age 55 or older with ten (10) or more years of vesting service under a Company-sponsored retirement plan.

If an employee becomes eligible for disability benefits under The Boeing Company Employee Retirement Plan, the employee also is eligible for the Retiree Medical Plan if he or she is at least age 50 and has ten (10) or more years of vesting service at retirement.

An employee who is at least age 55 and has ten (10) or more years of vesting service at retirement is eligible for the Retiree Medical Plan if he or she retires under The Boeing Company Employee Retirement Plan within the following time limits:

- Two (2) years following the start of an approved pre-retirement leave of absence, provided the approved leave of absence has not ended prior to the employee's retirement.
- Six (6) years following the employee's layoff.

An employee who is eligible for the Retiree Medical Plan at the time active employment with the Company ends and who defers his or her retirement benefits also must defer enrollment in the Retiree Medical Plan until the date benefits begin under the Company-sponsored retirement plan.

A retired employee no longer is eligible for coverage under the Retiree Medical Plan described in this Attachment after attaining age 65 or becoming eligible for Medicare.

SECTION 2.
ELIGIBLE DEPENDENTS OF RETIRED EMPLOYEES

Dependents eligible for the Retiree Medical Plan are the retired employee's legal spouse and unmarried children (natural children, adopted children, children legally placed with the retired employee for adoption, and stepchildren) who are under age 25 and dependent on the retired employee for principal support, including children who are attending school.

A retired employee may request coverage for the following dependents:

1. A common law spouse if the relationship meets the common-law requirements for the state in which the retired employee entered into the common-law relationship. (A domestic partner is not considered an eligible spouse.)
2. Other children, as follows, who are under age 25, unmarried, and dependent on the retired employee for principal support, including children who are attending school:
 - a. Children who are related to the retired employee either directly or through marriage (e.g., grandchildren, nieces, nephews).
 - b. Children for whom the retired employee has legal custody or guardianship, or has a pending application for legal custody or guardianship, and are living with the retired employee.

Annual certification of eligibility is required to continue coverage for children from age 19 through age 24.

In accordance with federal law, the Company also provides medical coverage to certain dependent children (called alternate recipients) if the Company is directed to do so by a qualified medical child support order (QMCSO) issued by a court or state agency of competent jurisdiction.

Documentation is required to request coverage for a child named in a QMCSO or for a child for whom the retired employee has been given legal custody or guardianship.

A disabled child age 25 or older may continue to be eligible (or enrolled if the employee is a newly eligible employee) if he or she is incapable of self-support due to any mental or physical condition that began before age 25. The child must be unmarried and dependent on the employee for principal support. Coverage may continue under the Retiree Medical Plan for the duration of the incapacity as long as the employee continues to be eligible under the Plan and the child continues to meet these eligibility requirements.

Special applications for coverage are required for disabled dependent children age 25 or older.

A spouse or dependent child no longer is eligible for coverage under the Retiree Medical Plan described in this Attachment after attaining age 65 or becoming eligible for Medicare.

SECTION 3. HOW TO ENROLL

A. Initial Enrollment

The retired employee and eligible dependents automatically will be enrolled at the time the retired employee becomes eligible, provided the retired employee pays any required contributions. The retired employee and dependents are enrolled in the same plan as immediately before retirement, if applicable.

A retired employee who has been enrolled in a health maintenance organization (HMO) or coordinated care plan may elect to change to the Traditional Medical Plan by calling the Boeing Service Center within thirty-one (31) days of the date the employee retires. The Company will supply enrollment instructions at the time of retirement.

All family members, including the retired employee, must be enrolled in the same medical plan.

B. Spouse Coverage

Each retired employee with a spouse must provide information regarding coverage available through another employer to determine whether special contributions are required to enroll the spouse. If the retired employee does not authorize a required contribution, the spouse will not be enrolled for medical coverage. The retired employee will not be able to enroll the spouse until the date the spouse loses the option to be covered under the other employer-sponsored medical plan.

The Company will require periodic verification of data.

C. Special Enrollment

If a retired employee declined enrollment for himself/herself or dependents in the Retiree Medical Plan because of other employer-sponsored health care coverage (such as through a spouse's employer), the retired employee may be able to enroll himself/herself and eligible dependents in the Company-sponsored Retiree Medical Plan at a later date as long as enrollment is within sixty (60) days after other coverage ends.

If a retired employee declined enrollment for himself/herself or dependents when first eligible and the retired employee's or dependent's other health care coverage was through continuation coverage from a previous employer (coverage mandated by the Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA), the retired employee or dependent must exhaust his or her COBRA coverage to be eligible for the special enrollment period.

If a retired employee's or dependent's other health care coverage was not through COBRA, the coverage loss must be due to loss of eligibility for that health care coverage (including from divorce, death, termination of employment, or reduction in hours of employment) or termination of employer contributions toward such coverage.

If a retired employee is not enrolled in the Company-sponsored Retiree Medical Plan and has a new dependent as a result of an event such as marriage, birth, adoption, or placement for adoption, the retired employee may enroll himself or herself, his or her spouse, and any dependent children during the year as long as enrollment is requested within sixty (60) days after the event by contacting the Boeing Service Center.

If a retired employee is enrolled in the Retiree Medical Plan and has a new dependent as a result of marriage, birth, adoption, or placement for adoption, the retired employee may enroll the new dependent during the year as long as enrollment is requested within one hundred twenty (120) days after the qualified event. See "Changes in Status," Section 3.E, for more information.

D. Transfer Between Plans

Transfer between plans is permitted only during authorized annual enrollment periods or following a change of residence.

1. Annual enrollment period.

The Company establishes an annual enrollment period each year when retired employees may change medical plans.

2. Change of residence.

A retired employee who moves out of an HMO or coordinated care plan service area has sixty (60) days to select a medical plan available in the new location by calling the Boeing Service Center.

It is the retired employee's responsibility to notify the Company of the change in residence within the sixty (60)-day period.

E. Change of Dependent Status

A retired employee will not be able to make dependent enrollment changes until the next annual enrollment period unless the retired employee experiences one of the qualified changes in status described in this section. Any change in enrollment must be consistent with the change in status. To be consistent, the event must cause the retired employee or family member to gain or lose eligibility for the Company-sponsored health care coverage or health care coverage sponsored by a spouse's or dependent child's employer, and the election change must be on account of and correspond with the gain or loss of eligibility. Qualified changes in status include the following:

1. The retired employee marries, divorces, or becomes legally separated, or the marriage is annulled.
2. The retired employee acquires a new, eligible dependent child, such as by birth, adoption, or placement for adoption.
3. The retired employee's spouse or dependent child dies.
4. The retired employee, spouse, or dependent child starts or stops working.
5. The retired employee, spouse, or dependent child has any other change in employment status that affects eligibility for coverage such as changing from full time to part time (or part time to full

time), salaried to hourly (or hourly to salaried), strike or lockout, or beginning or returning from a leave of absence.

6. The retired employee, spouse, or dependent child experiences a significant increase in the cost of employer-sponsored health care coverage or the employer-sponsored health care coverage ends, including expiration of COBRA coverage.
7. The retired employee, spouse, or dependent child experiences a significant curtailment or cessation of employer-sponsored health care coverage.
8. The retired employee, spouse, or dependent child becomes eligible or ineligible for Medicare or Medicaid.
9. The retired employee's dependent child becomes eligible for, or no longer is eligible for, health care coverage due to age limits or a similar eligibility requirement.
10. The retired employee, spouse, or dependent child makes an enrollment change in his or her employer-sponsored health care coverage, either because of a qualified change in status or an annual enrollment.
11. The retired employee, spouse, or dependent child changes place of residence or work, affecting access to care within the current plan.

The retired employee also may change an election to comply with a qualified medical child support order (QMCSO) to provide or cancel coverage for a child resulting from a divorce, annulment, or change in legal custody.

In most situations, the retired employee must request the dependent enrollment change within sixty (60) days after the qualified event. A retired employee can enroll a new dependent within one hundred twenty (120) days following the retired employee's marriage or a dependent child's birth, adoption, or placement for adoption. Enrollment may be requested by calling the Boeing Service Center. To request enrollment for a new dependent more than sixty (60) days but within one hundred twenty (120) days after marriage, birth, adoption, or placement for adoption, the retired employee must call the Boeing Service Center and speak with a customer service representative. The retired employee must provide the Boeing Service Center with any required supporting documentation within thirty-one (31) days of the date the dependent enrollment change is requested or the coverage change request will be denied.

SECTION 4. EFFECTIVE DATE OF COVERAGE

A. Retired Employees

For newly retired employees, the Plan becomes effective on the first day of the month coinciding with the day such eligible employee retires, provided the retired employee pays any required contributions.

B. Dependents

The retired employee's current eligible dependents are covered automatically under the Plan on the same date the retired employee's coverage is effective, provided proper application is made and the retired employee pays any required contributions. Eligible dependents acquired after the retired employee's coverage is effective become covered on the date of marriage, date of birth, or date the child is legally placed with the retired employee for adoption, if application is made within one hundred twenty (120) days and the retired employee pays any required contributions. For other newly eligible dependents, coverage is effective on the date dependency is established, if application is made within sixty (60) days and the retired employee pays any required contributions.

SECTION 5.
COMPANY AND RETIRED EMPLOYEE
CONTRIBUTIONS

Company and retired employee contributions for the Retiree Medical Plan are described in Article 16 – Group Benefits.

If contributions are required and coverage is elected, the retired employee may authorize the monthly deduction of the applicable amount from his or her retirement check from The Boeing Company Employee Retirement Plan. Otherwise, the retired employee may arrange to self-pay for coverage through the Boeing Service Center.

SECTION 6.
RETIREE MEDICAL PLAN

Medical plans and benefits offered to retirees and their eligible dependents are the same as those offered to active employees as described in Attachment A.

SECTION 7.
TERMINATION OF COVERAGE

A. Retiree Coverage

Medical coverage for the retired employee terminates on the earliest of the following dates:

1. The end of the month before the month the retired employee attains age 65.
2. The end of the month before the month the retired employee becomes eligible for Medicare.
3. The end of the month before the month the retired employee becomes covered under another medical plan offered by or through the Company.
4. The end of the last month for which any required contributions are paid.

B. Dependent Coverage

Coverage for the eligible dependents of the retired employee terminates on the earliest of the following dates:

1. The end of the month the person no longer is an eligible dependent.
2. The end of the month before the month the person attains age 65.
3. The end of the month before the month the person becomes eligible for Medicare.
4. The end of the month in which the retired employee dies, if there is no surviving spouse.
5. The end of the month in which the retired employee's surviving spouse dies.
6. The end of the last month the retired employee is covered under this Retiree Medical Plan or the Company-sponsored Medicare Supplement Plan except in the case of the retired employee's death.
7. The end of the last month for which any required contributions are paid.

1 **C. Continuation of Medical Coverage (COBRA)**

2
3 If medical coverage for the retired employee's dependents otherwise would terminate due to one of the
4 following reasons, these benefits may continue for specified periods under Public Law 99-272, Title
5 X, as amended, if the individual makes a timely request to the Company and pays the required
6 contribution:

- 7
8 1. The retired employee's death.
9
10 2. The retired employee's divorce.
11
12 3. The retired employee becomes entitled to Medicare.
13
14 4. A dependent child ceases to be a dependent as defined under this Plan. (A child eligible to be
15 continued under the Plan's incapacitated child provision will still be considered to have
16 dependent status.)
17

18 **D. Conversion Privilege**

19
20 If medical coverage terminates for reasons other than voluntary cancellation of coverage by the
21 individual or by becoming eligible for another Company-sponsored plan, that individual may apply
22 for an individual policy of insurance of a kind then being issued by the service representative for group
23 conversion purposes. Evidence of good health will not be required, provided written application
24 is made and the first retires premium is paid within thirty-one (31) days following the end of the
25 month in which medical coverage terminates. The individual's policy will be issued at the service
26 representative's customary rate applicable to the age of the individual and to the form and amount of
27 insurance provided under the converted policy.
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