

BEST AND FINAL OFFER

GROUP BENEFITS PROPOSAL SUMMARY

The Boeing Company Employees Represented by UAW 148

April 30, 2010

The Company proposes the following benefit changes effective January 1, 2014, unless otherwise noted.

INSURANCE PLANS

The Company will continue the current Basic Life Insurance Plan, AD&D Plan, Survivor Income Plan, Short-Term Disability Plan, and Extended Disability Benefits Plan. Benefits will remain the same, except as described below.

Short-Term Disability Plan

Effective January 1, 2011, the \$0.98 per week employee contribution for short-term disability coverage that applies to employees in states without the requirement for statutory disability payroll deductions will be discontinued.

ACTIVE EMPLOYEE DENTAL PLAN OFFERINGS

The Company will continue the WDS/Delta Dental PPO and Delta Dental Prepaid Dental Plan options in California. Effective January 1, 2011, the MetLife Prepaid Dental Plan in California no longer will be offered.

ACTIVE EMPLOYEE DENTAL PLAN BENEFIT CHANGES

Dental PPO Plan

The Dental PPO Plan will be revised as follows:

- 2 additional cleanings will be allowed per benefit year if periodontal disease is present.
- Topical application of fluoride or preventive therapies (such as fluoridated varnishes) will change from twice per benefit year for children through age 14 to once per benefit year for children through age 18.
- Fissure sealants currently covered through age 14 will be covered with no age limit; the frequency will remain once in each 3-year period.

ACTIVE EMPLOYEE MEDICAL PLAN BENEFIT CHANGES

Medical plan options will be as follows:

Medical Plans	
California	<ul style="list-style-type: none">• Traditional PPO• Health Net HMO• Kaiser Permanente HMO

Medical Plans	
	<ul style="list-style-type: none"> • Aetna PPO+Account
All Other Locations	<ul style="list-style-type: none"> • Traditional PPO • Aetna PPO+Account

Medical plan benefits will be revised as described below.

Traditional PPO

Coinsurance

Network coinsurance will change from 90% to 80%.

Hearing Aids

The hearing aid benefit will increase from \$600 to \$800 per ear.

Mental Health and Substance Abuse Treatment

- Network coinsurance for inpatient and outpatient treatment will change from 90% (not subject to the annual deductible) to 80% subject to the annual deductible.

Prescription Drug Program

The prescription drug program will be revised as described below.

- Prescription drugs purchased at a retail participating pharmacy will be covered as follows:
 - Annual deductible does not apply. [No change from current]
 - 90% generic (\$5 minimum; \$25 maximum). [Currently \$5 copayment]
 - 80% brand formulary (\$20 minimum; \$75 maximum). [Currently \$20 copayment]
 - 70% brand nonformulary (\$35 minimum; no maximum). [Currently \$35 copayment]
 - 30-day supply. [No change from current]
- Prescription drugs purchased through the mail service program will be covered as follows:
 - Annual deductible does not apply. [No change from current]
 - \$10 copayment generic. [No change from current]
 - \$50 copayment brand formulary. [Currently \$40 copayment]
 - \$85 copayment brand nonformulary. [Currently \$70 copayment]
 - 90-day supply. [No change from current]

Specialty Care Pharmacy

Specialty medications are typically injectable medications administered by the patient or a health care professional, and they often require special handling. Newly prescribed medications may be purchased at any participating retail pharmacy up to 2 times. After that, the plan will cover these prescriptions only if they are purchased through the service representative's specialty care pharmacy. The specialty care pharmacy program will not apply to medications ordered and billed through a physician's office.

Preventive Care

Network preventive care services and supplies will be paid as follows.

- Routine physical examinations for employees, spouses, and children age 2 and older:
 - 100% (annual deductible does not apply) up to \$500 each year per covered person, including related office visits, X-rays, and laboratory charges as well as childhood and adult immunizations and vaccines (excluding travel vaccines) as recommended by the U.S. Preventive Services Task

Force (USPSTF), including applicable catch-up immunizations for children age 2 to 18 as recommended by the USPSTF. Covered expenses that exceed the \$500 maximum will be subject to the deductible and coinsurance.

- Routine Pap tests, mammograms, prostate screenings, and colorectal screenings (including colonoscopies) covered at 100% (annual deductible does not apply) as recommended by the physician.
- Routine physical examinations for children to age 2:
 - 100% (annual deductible does not apply).
 - Includes immunizations and vaccines (excluding travel vaccines) as recommended by the USPSTF and the physician, including applicable catch-up immunizations for children age 4 months to 2 years as recommended by the USPSTF.

Vision Care Program

The copayment for a network eye examination will change from \$15 to \$20.

HMOs

The HMO plans will be revised as follows:

- The office visit copayment will change from \$15 to \$20.
- The specialist visit copayment will change from \$15 to \$30.
- The copayment for an eye examination will change from \$15 to \$20.

For Health Net HMO, prescription drugs purchased through the mail service program will be covered as follows:

- \$10 copayment generic. [No change from current]
- \$50 copayment brand formulary. [Currently \$40 copayment]
- \$85 copayment brand nonformulary. [Currently \$70 copayment]
- 90-day supply. [No change from current]

MEDICAL PLAN CONTRIBUTIONS

Effective January 1, 2011, active employee medical plan contributions will continue to be as follows:

- Traditional PPO and HMOs—12% of plan rates.
- PPO+*Account*—4% of plan rates.

Effective January 1, 2014, active employee medical plan contributions will be as follows:

- Traditional PPO and HMOs—15% of plan rates.
- PPO+*Account*—5% of plan rates.

Estimated contribution amounts for employee-only coverage are shown in the table below. Contributions for employee + spouse or child(ren) are 2 times the employee-only contribution and for employee + spouse and child(ren) are 3 times the employee-only contribution.

The additional \$100 monthly working spouse contribution will continue to apply to all plans.

Beginning January 1, 2014, contributions will be decreased each calendar year as follows for employees and/or spouses who complete the annual health assessment:

- For employee only or employee + child(ren), the health assessment credit will be \$20 per month if employee completes the health assessment.
- For employee + spouse or employee + spouse and child(ren) coverage, the health assessment credit will be \$20 per month if employee or spouse completes the health assessment and \$40 per month if both employee and spouse complete the health assessment.

In the event government authority guidance restricts or limits this credit, it will be adjusted accordingly.

FLEXIBLE SPENDING ACCOUNTS

The Company will continue the current Health Care and Dependent Care Flexible Spending Accounts.

ADMINISTRATIVE UPDATE

Subrogation (third-party liability) language will be updated for health care plans and the Short-Term Disability Plan to reflect current administration. For more information, see When an Injury or Illness Is Caused by the Negligence of Another.

RETIREE MEDICAL PLAN ELIGIBILITY

Dependents

The definition of covered dependents will include eligible same-gender domestic partners and their eligible children.

RETIREE MEDICAL PLAN BENEFIT CHANGES FOR EMPLOYEES WHO RETIRE DURING THE TERM OF THIS AGREEMENT

The Company will offer the medical plans as listed below to employees who retire during the term of this agreement:

Medical Plans	
California	
Non-Medicare Eligible	<ul style="list-style-type: none"> • Traditional PPO • Basic PPO • Health Net HMO • Kaiser Permanente HMO
Medicare Supplement	<ul style="list-style-type: none"> • Health Net HMO
Medicare Advantage	<ul style="list-style-type: none"> • Health Net Seniority Plus HMO • Kaiser Senior Advantage HMO • SCAN HMO
Medical Plans	
All Other Locations	
Non-Medicare Eligible	<ul style="list-style-type: none"> • Traditional PPO • Basic PPO • HMO (where agreed)
Medicare Supplement	<ul style="list-style-type: none"> • Traditional Indemnity • Basic Indemnity
Medicare Advantage	<ul style="list-style-type: none"> • HMO (where agreed)

Effective January 1, 2011, the Aetna HMO and Health First HMO medical plans in Florida will no longer be offered. The PacifiCare HMO plans in Arizona, Nevada, and Oklahoma will no longer be offered.

Non-Medicare Traditional PPO

The same changes that apply to the Traditional PPO for active employees also will apply to retirees.

Non-Medicare Basic PPO

The same changes that apply to the Traditional PPO for active employees also will apply to retirees, except that network inpatient mental health and substance abuse treatment already is subject to the annual deductible.

Non-Medicare HMOs

The same changes that apply to the HMO plans for active employees also will apply to retirees.

Medicare Traditional Indemnity Plan

The Medicare Traditional Indemnity Plan will be revised as follows.

Hearing Aids

The hearing aid benefit will increase from \$600 to \$800 per ear.

Mental Health and Substance Abuse Treatment

Inpatient and outpatient treatment will be subject to the annual deductible.

Prescription Drug Program

The prescription drug program will be revised as described for active employees under the Traditional PPO.

Preventive Care and Routine Physicals

Preventive care services and supplies will be paid as described for active employees under the Traditional PPO.

Vision Care Program

The copayment for a network eye examination will change from \$15 to \$20.

Medicare Basic Indemnity Plan

The same changes that apply to the Medicare Traditional Indemnity Plan also will apply to the Medicare Basic Indemnity Plan, except that inpatient and outpatient mental health and substance abuse treatment already is subject to the annual deductible.

Medicare Supplement HMO

The same changes that apply to the HMO plans for active employees also will apply to the Medicare Supplement HMO.

Medicare Advantage HMOs

The same changes that apply to the HMO plans for active employees also will apply to the Medicare Advantage HMOs, except as follows:

- Prescription drug changes described for active employees under Health Net also will apply to Seniority Plus (Health Net) HMO.
- For SCAN HMO:

- The hospital admission copayment will change from \$100 to \$250 per inpatient confinement.
- Prescription drugs purchased through the mail service program will be covered as follows:
 - o \$10 copayment generic. [No change from current]
 - o \$50 copayment brand formulary. [Currently \$40 copayment]
 - o \$50 copayment brand nonformulary. [Currently \$40 copayment]
 - o 90-day supply. [No change from current]

RETIREE MEDICAL PLAN CONTRIBUTIONS AND CHANGES FOR EMPLOYEES WHO RETIRE DURING THE TERM OF THIS AGREEMENT

For employees who retire with a pension benefit commencement date on or after January 1, 2012 and had 75 or more points as of January 1, 1994, retiree medical plan contributions will be 12% of plan rates.

Medicare Part B Premium Reimbursement

A retiree whose pension benefit commencement date is on or after January 1, 2014 will not be eligible for the Medicare Part B premium reimbursement.

Effective upon ratification of this agreement, employees who retire with a pension benefit commencement date prior to January 1, 2014 will be eligible for the Medicare Part B premium reimbursement only if enrolled in both:

- A Company-sponsored medical plan.
- Medicare Part B.

Medicare Prescription Drug Coverage

Should Legislation change the Company's tax liability with respect to Medicare prescription drug benefits, the prescription drug benefit for Medicare retirees may be changed in order to have the benefit qualify as a Medicare prescription drug plan.

Clarification of Coordination of Benefits—Medicare Traditional Indemnity Medical Plan

For expenses incurred on or after January 1, 2011, if you or your dependent has other health care coverage in addition to being covered under this Plan, the following rules govern coordination of benefits with the other coverage.

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.

Payment Provisions

The primary plan pays benefits without regard to any other plan. When the Company-sponsored plan is secondary, it adjusts benefits so that the total payable under both plans for expenses covered under the Company-sponsored plan is not more than would be payable under the Company-sponsored 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 Company-sponsored plan for the first 30 months following Medicare entitlement due to end-stage renal disease, and Medicare provides secondary

coverage. After this 30-month period, Medicare provides primary coverage and the Company-sponsored plan provides secondary coverage.

SAVINGS AND RETIREMENT

Voluntary Investment Plan

The current Company match level will remain the same.

The Boeing Company and the Union agree that all employees covered by this Agreement may participate in The Boeing Company Voluntary Investment Plan (also known as the VIP) for the duration of this Agreement as set forth below and subject to the terms of the VIP Plan, as amended from time to time pursuant to the procedures set forth in the VIP plan document.

Employees will be eligible to participate as, to the extent, and under the terms provided in the official VIP plan document. In the event of any conflict between Article X Section 3 of the collective bargaining agreement and the official VIP plan document, the official VIP plan document will prevail in every case.

The Company, through the persons and process specified in the VIP plan document, reserves the right to amend the VIP (i) to satisfy all requirements of applicable law and regulations, including without limitation the Internal Revenue Code of 1986, the Employee Retirement Income Security Act of 1974 and the federal securities laws, all as amended from time to time; and (ii) the Company reserves the right to unilaterally alter, amend, and/or modify any or all terms of the VIP at its sole discretion without further discussion or negotiation with the Union. All terms and conditions of the VIP, as it may be so amended or modified will apply to employees covered by this Agreement. Notwithstanding the foregoing, the Company will not discontinue the VIP or change either the amount of the Company Contribution or the rate at which matching contributions are allocated to employees covered by this Agreement, during the term of this Agreement, without the concurrence of the Union.

The Company shall not be required or obligated to provide any information to the Union that the Company determines to be proprietary or confidential. Any information or other financial information or data will be provided at the Company's discretion if the Company deems it necessary or appropriate for Union review. If the Company determines that such information should be released, the Union and/or its representatives may necessarily be required to execute a confidentiality agreement before such information is released. At the Union's request, the Company will provide the Union with copies of communications provided generally to VIP participants who are covered by this Agreement. Any information that is released to the Union and/or its representatives will be held confidential and shall not be utilized by the Union and/or its representatives for any purposes that do not directly relate to the VIP. ~~Neither anything in the collective bargaining agreement Article X Section 3 nor any issue involving employees' participation in or benefits under the VIP will be subject to the grievance and arbitration procedure of the collective bargaining agreement Article VI.~~

Employees hired or rehired on or after January 1, 2011, will be eligible for an additional automatic Company Contribution to the Plan. Each pay period, the Company will contribute to the Plan four percent (4%) of the employee's eligible pay for the pay period. Employees will be 100% vested immediately in this Company Contribution. An employee is considered rehired if the employee returns to work from layoff and the return date is more than 6 years after the date of layoff. Eligible pay, for the purpose of calculating the Company Contribution is base pay and shift differential earned on/after January 1, 2011. Employees whose most recent hire date is before January 1, 2011, are not eligible for this Company contribution.

- For purposes of determining Plan eligibility, the employee will be considered hired before January 1, 2011, if:
 - o On an authorized leave of absence on December 31, 2010, and returns to active employment directly from that authorized leave of absence.
 - o On layoff on December 31, 2010, and returns to active employment within 6 years of the layoff date.
 - o An active employee on December 31, 2010, goes on an authorized leave of absence, and returns to active employment directly from that authorized leave of absence.

- An active employee on December 31, 2010, is laid off, and returns to active employment within 6 years of the layoff date.
- An employee is considered rehired if the employee returns to work from layoff and the return date is more than 6 years after the date of layoff.
 - An employee is considered rehired if the employee commences their retirement benefit during the layoff period and later returns to active status within 6 years of the layoff date.

Employee Retirement Income Plan of McDonnell Douglas Corporation - Hourly West Plan

The Basic Benefit will be increased to \$79 per month for all years of credited service for employees on the active payroll of the Company or those on an authorized period of absence on or after July 1, 2010 (including those who retire from the employ of the Company on July 1, 2010).

Employees hired or rehired on or after January 1, 2011, will not be eligible for participation in Employee Retirement Income Plan of McDonnell Douglas Corporation - Hourly West Plan

- For purposes of determining Plan eligibility, the employee will be considered hired before January 1, 2011, if:
 - On an authorized leave of absence on December 31, 2010, and returns to active employment directly from that authorized leave of absence.
 - On layoff on December 31, 2010, and returns to active employment within 6 years of the layoff date.
 - An active employee on December 31, 2010, goes on an authorized leave of absence, and returns to active employment directly from that authorized leave of absence.
 - An active employee on December 31, 2010, is laid off, and returns to active employment within 6 years of the layoff date.
- An employee is considered rehired if the employee returns to work from layoff and the return date is more than 6 years after the date of layoff.
 - An employee is considered rehired if the employee commences their retirement benefit during the layoff period and later returns to active status within 6 years of the layoff date.