

Boeing Begins Contract Talks With IAM

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On May 9th Boeing (NYSE:BA) and the International Association of Machinists and Aerospace Workers (IAM) began negotiating a new labor contract for more than 26,000 employees, largely in the Seattle area, Portland, Ore., and Wichita, Kan.

"Boeing is committed to providing employees with outstanding pay and benefits, and we intend to reward employees for generating productivity improvements that help us meet our commitments to customers and win new business," said Doug Kight, the Boeing vice president of Human Resources responsible for these negotiations. "Working with the union, we've agreed to start discussions much earlier than usual. This will allow us to spend more time listening, understanding each other's positions, and resolving issues early.

"We intend to move away from focusing on last-minute bargaining and instead conduct these negotiations in an open and transparent manner," Kight added. "That way, employees -- and their family members -- can fully understand the issues and the value of the contract when they vote on the company's offer in September."

During the opening session, Boeing outlined key areas for negotiations, including:

Providing wages for manufacturing employees that are well-positioned relative to the market. This could include increasing minimum pay rates, providing general wage increases that won't change maximum wage rates, and finding alternate ways to provide additional compensation for employees earning maximum pay rates.

Sharing the company's success through a performance-based incentive pay plan that rewards employees for productivity gains.

Providing pension increases for current employees at rates that can be sustained over the long term. Since 1999, pensions for IAM-represented employees have increased at an average of more than 7 percent per year, to the point where IAM-represented employees now have the opportunity to earn more in retirement than while working. Boeing believes this rate of increase is unsustainable.

Establishing a new retirement program for employees hired in the future. Designed to attract the next generation workforce, this plan would vest immediately, be portable for individuals who change companies during their career, and provide excellent opportunities for financial security for individuals who spend their entire career at Boeing. It would not affect pensions of current employees.

Continuing to offer excellent medical, dental and vision care benefits at costs to employees significantly below market levels. This would include offering at least one plan in Washington, Oregon, Kansas and California without monthly premiums. This would also include exploring ways to modestly increase health care costs paid by employees. Boeing will continue paying the vast majority of total health care costs.

Continuing to offer early-retiree medical coverage for current employees who choose to retire before the age of 65. Discontinuing early-retiree medical coverage for individuals hired in the future, while adding a plan that enables these individuals to save for long-term medical expenses on a tax-advantaged basis.

Working with the union to study ways to stabilize employment and mitigate layoffs through the market cycles. This could include approaches such as flexible job rules that allow Boeing to keep employment levels stable and cost effective during market downturns and periods of slow growth.

Creating greater stability for employees, customers and communities by negotiating a contract longer than three years.

Negotiating a separate contract for the approximately 750 IAM-represented employees in Wichita. To ensure that Boeing Wichita is positioned to gain new business, the company believes that wage rates, benefits and work rules need to be better aligned with competitors in the military aircraft-modification business.

Continuing to spend approximately \$14 million annually on IAM/Boeing Joint Programs that enhance employee health, safety and job skills, and promote employee engagement.

Boeing also is proposing to maintain much of the existing contract without changes, including more than 150 articles, subsections and letters of understanding.

"Today, the IAM provided us with proposals that we will study carefully," Kight said. "The information we exchanged today is a starting point for thoughtful, productive discussions. Throughout the summer, we'll focus on reaching agreements that are in the best interest of employees, our company, our customers and all Boeing stakeholders."

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