# Boeing Settles Shareholder Class Action Suit

Boeing and lawyers representing a certified class of Boeing and McDonnell Douglas shareholders announced today an agreement to settle the consolidated securities class action lawsuit filed in 1997 against the company and certain current and former officers in the United States District Court for the Western District of Washington. Under the terms of the settlement, all claims will be dismissed without any admission of liability or wrongdoing by any defendant. The shareholder class will receive a cash payment of $92.5 million out of which the Court will be asked to award attorneys' fees to class counsel. The agreement is subject to the execution of definitive settlement documents and court approval after the shareholder class has been notified of its terms.

The payment will have no impact on Boeing's financial position or results of operations because the settlement amount is within applicable insurance limits.

The original suit was filed in October 1997 following Boeing's announcements it was implementing production recovery plans that involved temporarily shutting down the 747 and 737 Next Generation assembly lines, and that charges associated with these recovery plans and late delivery costs totaled approximately $1.6 billion pre-tax for the third quarter of 1997. The plaintiffs contended that Boeing withheld knowledge of the facts leading to these announcements. Boeing's stock price declined following the announcement of the third quarter charge. In their complaint, plaintiffs alleged that the defendants had violated the federal and state securities laws and the Washington Consumer Protection Act.

"Although we continue to believe that plaintiffs' claims are without merit, management has decided that it is in the best interests of Boeing and its shareholders to settle the litigation to eliminate the risks, expense and significant disruption of continuing litigation. Resolving this suit will enable our team to focus all of its energies on the challenges posed by the current business environment," said Doug Bain, Boeing senior vice president and general counsel.

Steve Berman, lead lawyer for the class, stated, "We are pleased with the settlement and expect it to be approved by the Court and the class."

The parties expect the court will consider the settlement at an approval hearing that they anticipate will occur in February 2002. Berman indicated that the cash should be distributed in the summer of 2002.

**Forward-Looking Information Is Subject to Risk and Uncertainty**

This announcement contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include, among others, statements relating to the proposed settlement of the class action lawsuit. Actual results could differ materially from those projected in the forward-looking statements as a result of the following factors, among others: there can be no assurance that the parties in the securities class action lawsuit will be able to reach agreement regarding the final terms of the settlement agreement or that the settlement will be approved by the Court as proposed or at all.
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