

Boeing Concludes SPEEA Bargaining, Extends Fair and Competitive Offers

Boeing Concludes SPEEA Bargaining, Extends Fair and Competitive Offers

Delivers salary funds of 4%, 4% and 4% respectively over 3 years

Includes 6 percent lump-sum cash payment

Pension and savings benefits improved

Quality health-care program continues with competitive cost sharing

The Boeing Company concluded contract negotiations today with the Society of Professional Engineering Employees in Aerospace (SPEEA). The union represents some 18,000 Boeing employees under two contracts (Professional Unit - engineers; Technical Unit - technical employees) primarily in the Puget Sound area, as well as in Spokane, Wash., and Portland, Ore.

The conclusion follows nearly two weeks of main-table bargaining and months of subcommittee discussions that produced best-and-final offers the company characterized as fair and competitive for its SPEEA-represented employees. Each unit will vote on the proposed contract by mail in a process that concludes with a ballot count on Dec. 2, the day following expiration of both current contracts.

"Our goal has been to work with SPEEA to reach a contract agreement that works for everyone with a stake in the future of Boeing," said Alan Mulally, president and CEO of Boeing Commercial Airplanes, the largest business unit covered by the offers.

"These negotiations come at a remarkable time for our company, our industry and our customers. Our proposal provides for the interests of our SPEEA-represented employees and recognizes the value they bring to Boeing. Working together under this contract will help create a stronger future for all of us," Mulally said.

Highlights of the two proposals include:

Compensation: The offers provide pay increases for engineers and technical employees that will ensure the continued competitiveness of salaries during a difficult economic time for the aerospace industry. If ratified, the contract would deliver salary funds of 4 percent in each of the three years to both units, as well as a one-time lump-sum cash payment of 6 percent following contract approval.

Professional Unit		Year 1	Year 2	Year 3
Salary Adjustment Funds (includes guaranteed increases)		4%	4%	4%
Lump-sum cash payment (Subject to contract approval by 12/2/02)	6% (Average of \$4,800/ employee)			
Total		10%	4%	4%
Technical Unit		Year 1	Year 2	Year 3
Salary Adjustment Funds (includes guaranteed increases)	4%		4%	4%
Lump-sum cash payment (Subject to contract approval by 12/2/02)	6% (Average of \$3,430/ employee)			
Total	10%		4%	4%

In addition to the salary increases and the lump-sum payment, all other current pay premiums would be continued through the life of the new contract.

Pension and Savings Plans: The current \$50 monthly minimum benefit under the plan would be increased by 20 percent by the end of the contract, stepping from \$58 per year of service in year one to \$59 per year in year two and \$60 per year in year three. This represents a 50 percent pension increase since the 1995 contract. Employees receive benefits under either a wage-based formula, or the minimum formula, whichever is greater.

The company also proposed to allow employees to better prepare for retirement by increasing the amount of money they can contribute to their savings plan - the Voluntary Investment Plan (VIP) plan. Employees will be able to contribute up to 20 percent of yearly income, up from the current 15 percent, with the company

continuing to match 50 percent of the first 8 percent of employee contributions.

Health Care: The proposal continues one of the industry's best health-care programs, including at least one plan option at most locations that does not require monthly contributions. To encourage employees to be better consumers, which helps address rising health-care costs, the offer requires additional employee cost sharing for the higher-cost plans. This will offset only a small portion of projected cost increases; Boeing will continue to pay the larger share. The effective date of the contribution changes is January 2004. The proposal also includes a new account for pre-tax payment of medical and dental spending.

Technical Excellence: The proposal increases by 22 percent (to the level of \$5.5 million) the annual funding for the SPEEA/Boeing Ed Wells Initiative, a joint program to pursue technical excellence for the engineering and technical workforce through career enhancement and skills training. Included is support for partnership activities between Boeing and the union that started under the previous contract.

Productivity and Employment Stability: The company's proposal includes a joint commitment with SPEEA to work together on initiatives to improve morale, productivity, employment stability and employee training. Additionally, the company committed to provide job transition support and career transition services to technical employees affected by employment reductions.

"Our bargaining process with SPEEA included an ongoing dialogue over the past two years about the challenges facing our industry, and how we and SPEEA can work together to address them," Mulally said. "The pressures on our industry, our customers and our business are tremendous. We believe that we have produced an offer that balances all of these factors to position us for long-term growth when the market returns. We respectfully ask each of our SPEEA-represented employees to carefully evaluate our offer and help us move forward together by voting to ratify it," Mulally said.

###

For further information:

Tom Koehler
(206) 290-5367
(206) 766-2923
