Boeing, IAM Reach Tentative Agreement on Three-Year Contract

The Boeing Company [NYSE: BA] confirmed today that it has reached a tentative agreement for a new three-year contract with the International Association of Machinists and Aerospace Workers (IAM), which represents approximately 19,000 Boeing employees in the Seattle area, Wichita, Kan., and Portland, Ore.

Union leadership is recommending that its members vote to approve the contract on Thursday. If employees vote to ratify, it will immediately end a strike that began on Sept. 2.

"The new agreement supports our business plan and addresses the key issues raised by IAM-represented employees and the union," said Alan Mulally, president and CEO of Boeing Commercial Airplanes.

Terms of the contract offer include:

- A pension multiplier of $70 per month for each year of service,
- Maintaining existing health care plans under the same cost provisions of the IAM's previous contract with Boeing,
- A ratification bonus equaling 8 percent of each employee's total pay during the past 12 months, which will average about $5,200 per individual, and
- Two lump sum bonuses, of $3,000 each, which will be paid at the end of 2006 and 2007.

"The total cost to Boeing is similar to the previous contract offer and meets our definition of a reasonable settlement," Mulally added. "It also supports our plan for making continued quality and productivity improvements, which is the key to being competitive and winning new business."

The tentative agreement was reached late Friday. Mulally and Jerry Calhoun, Boeing Commercial Airplanes' lead negotiator and vice president of human resources, represented the company in the settlement negotiations.

Additional details about the proposed contract settlement are available atwww.boeing.com/negotiations.

###

For further information:
Chaz Bickers
(206) 766-2918