Boeing and SPEEA Reach Tentative Agreement on Contract Offer for Engineers and Technical Employees in Puget Sound and Portland

Highlights of New Contract Offer-

Average engineering salary increases from $82,060 to at least $95,884 over the 3-year contract

Average technical employee salary increases from $61,744 to at least $71,134

Salary reviews with SPEEA for 2007 and 2008 to keep pay competitive in the market

Potential of 20 days extra pay annually

Allows employees to share in the company's success

First potential payout in first quarter 2006 based on Boeing's 2005 performance

The Boeing Company [NYSE: BA] today reached tentative agreement with the Society of Professional Engineering Employees in Aerospace (SPEEA) on a new three-year contract offer covering nearly 18,000 engineering and technical employees in Washington and Oregon.

SPEEA is recommending employees ratify the contract.

"We've extended a respectful and very competitive contract offer that recognizes the tremendous contributions of our engineering and technical employees and sets a course for creating our future together," said Alan Mulally, Commercial Airplanes president and CEO. "We listened carefully to SPEEA negotiators and addressed our employees' top priorities around pay, incentives, health care and retirement, in a contract offer that enhances our competitiveness going forward."

Key elements of the contract include:

Annual Salary Adjustment Funds

Boeing has agreed to review with SPEEA the company's annual salary market analysis for 2007 and 2008. At that time, Boeing will determine if increases to the salary adjustment funds are needed to keep employee pay competitive with other companies.

Incentive Pay

The offer includes an incentive pay plan that allows SPEEA-represented employees to share in the company's financial success and align with the incentives in place with professional employees throughout much of the company. The Employee Incentive Plan (EIP) provides a potential of 20 additional days' pay per year, depending on the company's performance against specific measurements. If the company meets its annual operating target, the plan generates a 10-day payout; exceeding the target produces a larger payout.

"This contract feature aligns the majority of our salaried employees around our business plan and rewards them for their efforts to continuously improve our quality and productivity and meet our performance goals," said Mulally.

Currently, the EIP is projected to payout 12 days for 2005, or 4.6 percent of annual salary. For the average engineer, the projected pay out would be approximately $3,775; for the average technical employee, the projected payout would be about $2,840.

Health Care Benefits

The company is offering enhancements to the Traditional Medical Plan and the Select Network Plan (formerly called Selections), with no increases in cost share for employees. The Select Network Plan, the health care plan that currently requires zero premiums for employees in Washington, will no longer require referrals to specialists. Under the Traditional Medical Plan, network services currently paid at 95 percent will be paid at 100 percent.

Retirement Benefits

The basic monthly benefit formula for pensions will increase 16.5 percent to $70 per month per year of service, up from $60 per month. The alternate formula remains unchanged. Employees who retire under the alternate formula gain from salary increases

prior to retirement and from annual Employee Incentive Plan payouts.

The company match in Boeing's 401(k) savings plan will increase from 50 percent to 75 percent for the first eight percent of pay that employees invest in the plan.

Early Retiree Medical

Current employees and retirees continue to be eligible for early retiree medical coverage. Boeing provides these benefits to eligible employees who retire before age 65, prior to becoming eligible for Medicare. To better align benefits for professional employees across the company, SPEEA-represented employees hired on or after Jan. 1, 2007 will not be eligible for early retiree medical benefits.

Boeing's contract offer concludes two weeks of intensive negotiations. SPEEA voting is conducted by mail, and ballots will be counted prior to contract expiration at midnight on Dec. 1. If the three-year contract is ratified, it goes into effect Dec. 2.

Details of the contract proposal are available online at www.boeing.com/negotiations. Employees and families who have questions about the offer can also call the Boeing Negotiations Call Center at 1-877-225-2186.

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