

Boeing and IAM Reach Tentative Agreement to End Oak Ridge Strike; Company Extends Programs for Individuals Affected by Employment Reductions

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The Boeing Company [NYSE: BA] and the International Association of Machinists & Aerospace Workers Local 2709 (IAM) today reached a tentative agreement on a new three-year contract. If ratified on Wednesday, Nov. 15, it will end a strike that began Aug. 6. Employees will be scheduled to return to work starting Monday, Nov. 27.

Boeing also announced programs for IAM-represented employees facing layoffs because work was transferred to other locations to meet customer commitments during the strike. These programs include opening a Career Transition Center, keeping affected employees on the Boeing payroll for 60 days, and extending health care benefits for these employees and their families.

Terms of the contract offer include:

- A 5 percent wage increase on Dec. 1, 2006, a 3 percent increase in August 2007 and a 3 percent increase in August 2008.
- Increasing pension benefits to \$60 per month for each year of company service, up from the current level of \$40 per month per year of service.
- Maintaining Boeing's current comprehensive package of medical, dental and vision benefits with modest increases in employee out-of-pocket costs. Boeing will continue paying 90 percent of monthly premiums. In addition, the company pays 90 percent of most medical expenses after employees meet a \$250 annual deductible for individual coverage (\$750 annual deductible for family coverage).

To keep its commercial airplane assembly lines operating during the strike, Boeing transferred production of 737 and 777 flight deck consoles from Oak Ridge to other locations. Additional commercial airplanes manufacturing work was recalled by prime contractors. As a result, daily operations will be reduced from three shifts to one shift.

Employment at the Oak Ridge facility will be adjusted from approximately 480 prior to the strike to around 275. Approximately 180 IAM-represented employees will be laid off once the strike ends, and approximately 25 salary and management employees will be laid off in the first quarter of 2007.

"Reaching an agreement allows us to focus on enhancing the efficiency and competitiveness of Boeing Oak Ridge. Still, we recognize that this has been a very difficult experience for our employees and their families," said Gary Bomhoff, director of Boeing operations in Oak Ridge. "Boeing is committed to helping employees through this transition."

Affected IAM-represented employees will remain on the Boeing payroll between Nov. 27, 2006 and Jan. 25, 2007. In addition, their Boeing health care coverage will continue through the end of April, 2007. These employees will be eligible for the pay increases, health care changes and retirement benefits negotiated in the new contract offer.

Boeing will work with the state of Tennessee Rapid Response team to assist employees in applying for unemployment benefits, seeking skills retraining and applying for new jobs.

The company will open a Career Transition Center at its Oak Ridge facility for employees to use between Dec. 8, 2006 and Jan. 25, 2007. Services offered will include assistance in resume preparation and interviewing techniques, resources to search for jobs, and access to computers, fax machines and other office equipment.

Additional details are available at <http://www.boeing.com/special/negotiations/>.

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