



From: Scott Carson

Sent: Wednesday, September 3, 2008 11:28 PM

Subject: IAM negotiations update – opening the main-table dialogue

****This message is being sent by Scott Carson, president and CEO of Boeing Commercial Airplanes, to all employees in Washington, Oregon and Kansas ****

The IAM contract vote

The decision by the International Association of Machinists and Aerospace Workers to reject our contract offer is deeply disappointing, to say the least. The union has turned down what is, by any measure, a truly exceptional offer – bar none. Our company went to extraordinary lengths to conduct these negotiations in an atmosphere of openness and transparency that allowed more time to understand the key issues and create a package that is unquestionably the best in our industry.

Boeing and the IAM have agreed to meet this week with a federal mediator over the next 48 hours to explore whether an agreement can be reached. The IAM has agreed not to conduct a work stoppage during mediation, and all employees are expected to be at work on Thursday and Friday while these talks take place.

In the meantime, I want to thank our negotiations team, led by Doug Kight, who went to great lengths to listen to employee concerns. The team responded with an offer that clearly recognizes employee contributions and shares our success while enabling Boeing to maintain its industry leadership.

An 11 percent general wage increase – combined with a lump-sum payment, a ratification bonus, cost-of-living adjustments, improved pension and health care coverage and other benefit enhancements – all added up to an outstanding package that balanced the needs of the employees with ensuring the long-term competitiveness of the company. In addition, our negotiators removed several company proposals that the union saw as issues in order to keep the negotiations moving forward and to make progress toward a solution.

As disappointing as the IAM decision is to us, the impact is considerably wider. Our customers are obviously going to be affected. They are counting on us, and any delay of our new, efficient airplanes is going to hurt an already strapped air transport industry burdened with high fuel costs. Our suppliers, too, will feel the impact quickly. And there's no question about the negative economic effect on our local communities. As we've said before, no one benefits from a strike.

We remain open to reaching a resolution with the IAM. We want our whole team together. Our goal is simple – to continue to provide the exceptional products and services that the air transport industry has come to expect of Boeing.

Scott