



****This message is being sent by Mike Denton, Commercial Airplanes vice president of Engineering, and Conrad Ball, chief engineer for IDS Puget Sound, to all managers and Human Resources employees in Washington, Oregon and Utah.****

SPEEA negotiations update – encourage employees to vote

We have been honored to be part of the team that negotiated outstanding contracts for SPEEA-represented employees. We are very proud of the result: respectful offers that support both objectives of rewarding employees and enabling us to sustain Boeing's success. Now, it's up to our employees to vote on the union-recommended offers.

At times these negotiations seemed like we were on a roller coaster, but we took on the challenges with a problem-solving mentality and worked out the hard issues – and SPEEA's leaders did the same. It was a constructive and respectful experience that set a new direction for our meetings with the union going forward.

On Tuesday, our Boeing negotiations team had the opportunity to meet with managers both in-person and via webcast to help explain the contract. There were many great questions that we didn't have time to address, and our negotiations team has compiled a [new Q&A](#) that is now posted on the Negotiations Web site.

There are a few issues that we wanted to address in this message because they have been raised frequently in meetings and discussions:

Q: The contract offer calls for annual salary adjustment funds of 5 percent, with each member of the Professional Unit guaranteed a 2 percent salary adjustment every year, and each member of the Technical Unit guaranteed a 2.5 percent salary adjustment fund every year. Does Boeing distribute the entire salary adjustment fund among the bargaining units, or does Boeing only distribute the guaranteed amount?

A: Boeing distributes the full amount of the salary adjustment fund each year. While a small number of employees receive the guaranteed minimum adjustments, the vast majority of employees receive substantially larger salary adjustments based on their performance.

For example, the previous contract called for the Professional Unit to receive a 4 percent salary adjustment fund in 2008, with a guaranteed minimum of 1.5 percent. During the most recent salary adjustment exercise, 0.6 percent of employees in the Professional Unit received the minimum adjustment. However, 51 percent of employees in the Professional Unit – or 7,068 individuals – earned salary adjustments of 4.5 percent or greater.

Likewise, the previous contract called for the Technical Unit to receive a 4 percent salary adjustment fund in 2008, with a guaranteed minimum of 2 percent. During the most recent salary adjustment exercise, 3 percent of employees in the Technical Unit received the

minimum adjustment. However, nearly 47 percent of employees in the Technical Unit – or 2,868 individuals – earned salary adjustments of 4.5 percent or more.

Q: Why wasn't SPEEA offered a lump-sum bonus as part of the proposed contract?

A: In 2005, SPEEA negotiated participation in the Boeing Employee Incentive Plan. That provision was extended in the most recent contract offer.

Since participating in the EIP, SPEEA-represented employees have received 41 additional days of pay. This included:

- 14 days in 2006, which represented 5.4 percent of annual pay
- 12 days in 2007, which represented 4.6 percent of annual pay
- 15 days in 2008, which represented 5.8 percent of annual pay

Q: Will the financial impact of the recent IAM strike be considered in the calculation of the 2009 EIP payment?

A: EIP provides cash bonuses of between 1 and 20 days of additional pay to eligible employees if Boeing achieves annual economic profit objectives. These targets are established before the start of each calendar year as part of the business planning process.

The Board of Directors is expected to make a decision about the 2009 EIP payout in late January or early February 2009. More information about the plan is available on Boeing's internal Web at: <http://eip.web.boeing.com/index.html>.

There is a lot of emotion and energy focused on the contracts and the vote and while this can be an intense time, it's critical that SPEEA-represented employees focus on educating themselves about the contract. Please take the time to review the resources on the Negotiations Web site and help your team members by directing them to fact sheets, the contract summary, benefits highlights or the Q&As. All of these materials can help employees better understand the value of the offers.

While we're pleased to have reached a tentative agreement with SPEEA's leaders on the offers, we know that our SPEEA-represented employees are the ultimate decision-makers. This is why it's critically important that we encourage all employees to vote.

Actions for managers:

- Be available for questions or conversations about the offers. You are credible leaders and your employees respect your opinion.
- Encourage employees to carefully study the [summary](#) and vote.
- Schedule time to share the [archived video](#) of the Nov. 18 webcast with your teams.
- Read the latest version of the [Questions and Answers](#) section on the Web site to learn about the contract offers.
- Make sure your employees are aware of the online [fact sheets](#), including the new fact sheets on pay practices.
- If you have questions, send an e-mail to: ERPugetSound@boeing.com.

Thanks,

Mike and Conrad