Employee Retirement Income Plan

Summary Plan Description
2003 Edition/Salaried Employees

The summary plan description (SPD) for this Plan is this booklet and any summaries of material modifications (Updates). Updates are issued if the Company adds to or changes benefits in the Plan after the SPD is published. The Updates, if any, are incorporated at the end of this booklet.

The content and delivery of this booklet are intended to comply with the Employee Retirement Income Security Act of 1974, as amended (ERISA). If there is any conflict between the information in this booklet and the official Plan document, the official Plan document will govern.
Plan Highlights

The Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan (Plan number 001), also referred to as the “Plan” in this booklet, was initiated in 1942 by McDonnell Douglas Corporation (MDC). Effective February 21, 2003, all active employees participating in the Plan became eligible for the Pension Value Plan for Employees of The Boeing Company and began accruing benefits under the Pension Value Plan on that date. Active employees included eligible salaried employees of the Company (or any of its affiliates or subsidiaries) represented by the Southern California Professional Engineering Association (SCPEA). This change occurred because SCPEA was decertified effective February 21, 2003, and as a result, was no longer a covered group under this Plan. If you were an active employee participating in the Plan on February 20, 2003, you will not earn any benefit service under this Plan on or after February 21, 2003. However, you will continue to earn vesting service, and your benefit service earned under the Pension Value Plan will count toward your aggregate benefit service. See the notes at the beginning of each section for more information.

This booklet describes the Plan provisions effective July 1, 2003, unless otherwise noted. If you retired or ended your employment before July 1, 2003, your benefits may differ from the benefits described in this booklet. You are encouraged to keep this booklet, along with your other plan booklets, and refer to them whenever you have questions about your pension benefits.

The Plan may be an important source of income for your future. McDonnell Douglas Corporation funds the Plan. It is intended to work with The Boeing Company Voluntary Investment Plan (VIP) and the Social Security program to provide retirement income. You are encouraged to build on this base through your own personal savings and investments.

“Company,” as used throughout this booklet, refers to McDonnell Douglas Corporation, a wholly owned subsidiary of The Boeing Company. “Boeing,” as used throughout this booklet, refers to The Boeing Company or any affiliate or subsidiary of The Boeing Company.
Exhibit 1

Key Features of the Plan

- The Company makes all contributions to the Plan.
- You generally are eligible to participate in the Plan if you are a member of a covered group and you complete a 12-month eligibility waiting period in which you earn at least 1,000 hours of vesting service.
- In general, pension benefits are calculated based on three factors: your five-year average monthly salary, your estimated monthly Social Security benefit, and your years of benefit service. Your monthly Social Security benefit is called your “primary insurance amount.”
- You earn a right to pension benefits after you complete five years of vesting service (or after reaching age 65 while employed with one year of vesting service). Earning a right to pension benefits is known as “vesting.”
- You may receive your vested Plan benefit at age 65, or you may start receiving reduced benefits as early as age 55 if you are vested.
- Several payment options are available. In general, all options pay benefits monthly for your lifetime.
- Your pension benefits are insured, up to certain limits, by the Pension Benefit Guaranty Corporation, a U.S. Government agency.

Although McDonnell Douglas Corporation intends to continue this Plan, the Company reserves the right to change, modify, amend, or terminate the Plan at any time. Currently, authority to amend and administer the Plan has been delegated by McDonnell Douglas Corporation to the Employee Benefit Plans Committee, appointed by The Boeing Company Board of Directors. In reviewing claims for benefits, the Committee will apply the terms of the Plan and will, as appropriate, use its discretion in interpreting terms of the Plan. If you have questions about the information in this booklet, please call the Boeing Pension Service Center at the telephone number listed in Exhibit 14, on page 44.

Where to Get Information

When this symbol appears in a page margin, refer to Exhibit 14, on page 44, for contact and mailing information.
# Table of Contents

**Eligibility and Participation** ................................................................. 6
- Employing Company ........................................................................ 6
- Covered Group .............................................................................. 6
- Eligibility Requirements ................................................................. 6
- Rehired Employees ........................................................................ 6
- Transferred Employees ................................................................ 6
- Who May Not Participate ............................................................... 7

**Your Responsibilities as a Plan Participant** .................................. 7
- Boeing Pension Service Center ...................................................... 7
- Your Ongoing Responsibilities ...................................................... 8
- Your Responsibilities When Applying for Plan Benefits ................. 8

**Service** ......................................................................................... 9
- Vesting Service ............................................................................ 9
  - Vesting Service Before November 26, 2001 ................................ 9
  - Vesting Service On or After November 26, 2001 ..................... 10
  - When You Become Vested ......................................................... 11
- Benefit Service ........................................................................... 11
  - Aggregate Benefit Service ....................................................... 11
- Approved Leaves of Absence ....................................................... 12
- Break in Service ......................................................................... 13
  - Break in Service During the 2002 Plan Year ......................... 14
- Reemployment and Service Restoration .................................... 14
  - Restoration of Vesting Service Only ....................................... 14
- Uniformed Service ..................................................................... 15
- Reemployment and Your Benefits ............................................. 15

**Benefits** ....................................................................................... 16
- Plan Benefit Formula .................................................................. 17
  - Average Monthly Salary ......................................................... 17
    - Salary Compensation .......................................................... 18
  - Social Security Offset ............................................................ 19
    - Alternate PIA Offset ......................................................... 19
    - Social Security Normal Retirement Age ............................ 19
- Minimum Benefit Formula .......................................................... 20
- Maximum Plan Benefit .............................................................. 20
- Prior Benefit Formulas .............................................................. 21

**When You May Retire** .................................................................. 21
- Normal Retirement—Age 65 ...................................................... 21
- Early Retirement—Ages 55 to 65 .............................................. 21
- Reductions for Early Retirement .............................................. 21
85-Point Early Retirement Reduction Factors—
If You Were Hired Before November 26, 1990 ................................. 22
Minimum Plan Benefit Early Retirement Reduction Factors—
If You Were Hired Before November 26, 1990 ................................. 23
Six Percent Early Retirement Reduction Factors—
If You Were Hired On or After November 26, 1990 ............................. 24
Deferred Vested Benefit Early Retirement Reduction Factors ........ 25
Early Retirement Supplement ....................................................... 25
Late Retirement—After Age 65 ..................................................... 28
If You Continue Working After Age 65 ........................................ 28
Age 70½ Distribution Date ............................................................ 28
Retirement From Layoff Status .................................................. 29
Layoff After Age 55 But Before Age 65 ........................................ 29
Layoff at Age 65 or Older ............................................................ 29
Early Retirement Supplements During Layoff ............................ 29
Special Layoff Provisions for Certain Participants .................... 29
Disability Retirement .................................................................. 30
Conditional Early Retirement .................................................... 31
If Your Disability Retirement Benefits End ................................. 31
If You Leave Before Retirement ................................................ 32

**Benefit Payments** ................................................................ 32

Single Life Annuity .................................................................. 33
50, 75, or 100 Percent Surviving Spouse Option ......................... 33
Postretirement Surviving Spouse Option .................................... 33
Life and Period Certain Option ................................................. 34
Accelerated Income Option ....................................................... 34
Spousal Consent ....................................................................... 35
Beneficiary Designations .......................................................... 35
Payment of Small Benefits ....................................................... 36
Direct Rollovers ....................................................................... 36
Qualified Domestic Relations Order ........................................ 36

**Preretirement Survivor Benefits** .......................................... 36

If You Die While Employed by Boeing .................................... 36
If You Die Before Age 65 and Earned 5 But Fewer Than
10 Years of Vesting Service ...................................................... 37
If You Die Before Age 65 and Earned at Least 10 Years of
Vesting Service or You Die After Age 65 ................................. 37
If You Named a Beneficiary Other Than Your Spouse ............... 38
If You Die After Terminating Your Employment ....................... 38
If You Die After a Layoff or Divestiture and Before
Receiving Retirement Benefits .................................................. 39
Circumstances That May Affect Your Benefits ................................................................. 39
Claim and Appeal Procedure .................................................................................... 40
Plan Amendment or Termination ............................................................................. 41
Employing Companies ......................................................................................... 42
Special Disclosure Information .................................................................................. 42

- Plan Name ........................................................................................................... 42
- Plan Sponsor ......................................................................................................... 42
- Plan Administrator and Agent for Service of Legal Process;
  Limitations on Actions ......................................................................................... 42
- Type of Administration ........................................................................................ 42
- Type of Plan .......................................................................................................... 42
- Funding and Contributions .................................................................................... 42
- Top-Heavy Plan Provisions .................................................................................. 42
- Plan Records ......................................................................................................... 43
- Plan Number and Employer Identification Number ............................................. 43
- Plan Trustee ........................................................................................................... 43
- Participant Rights and Protections Under ERISA .............................................. 43
  - Receive Information About Your Plan and Benefits ....................................... 43
  - Prudent Actions by Plan Fiduciaries ................................................................. 43
  - Enforce Your Rights ......................................................................................... 43
  - Assistance With Your Questions ..................................................................... 44

Exhibits

- Exhibit 1: Key Features of the Plan ............................................................... 2
- Exhibit 2: Approved Leaves of Absence .......................................................... 13
- Exhibit 3: Break in Service ................................................................................ 13
- Exhibit 4: Benefits if You Are Reemployed ..................................................... 16
- Exhibit 5: Plan Formula Comparison ............................................................... 17
- Exhibit 6: Alternate PIA Offset ......................................................................... 20
- Exhibit 7: Early Retirement Benefits ............................................................... 22
- Exhibit 8: 85-Point Early Retirement Reduction Factors .................................. 23
- Exhibit 9: Minimum Benefit Early Retirement Reduction Factors .................. 24
- Exhibit 10: Six Percent Early Retirement Reduction Factors ......................... 25
- Exhibit 11: Deferred Vested Benefit Early Retirement Reduction Factors ....... 26
- Exhibit 12: Early Retirement Supplement Benefit Formula ............................. 27
- Exhibit 13: Comparison of Payment Methods ................................................... 33
- Exhibit 14: Where to Get Information ............................................................... 44
Eligibility and Participation

Note: If you were an active employee participating in this Plan on February 20, 2003, you became eligible to participate in the Pension Value Plan on February 21, 2003, because of the decertification of SCPEA. If you were earning vesting service to satisfy the eligibility requirements of this Plan on that date, you will become eligible to participate in this Plan and the Pension Value Plan after you satisfy the eligibility requirements for both plans.

To become eligible to participate in the Plan, you must be an employee at an employing company. In addition, you must be a member of a covered group under that employing company.

Employing Company

“Employing company” means the Company and any affiliates or subsidiaries of the Company that have adopted the Plan. The status of any company as an employing company may be subject to change.

Covered Group

In addition to being employed by an employing company, you must be a member of a covered group under that company. Before February 21, 2003, members of covered groups included salaried employees represented by SCPEA.

Eligibility Requirements

In general, if you were hired on or after January 1, 2002, you become a Plan participant on the day after the first anniversary of your hire date if you completed 1,000 hours of vesting service during that period (also known as your 12-month eligibility waiting period). If you do not complete 1,000 hours of vesting service during your first 12 months with the Company, you will become a Plan participant on the first day of the Plan year (January 1 through December 31) following the Plan year in which you complete 1,000 hours of vesting service.

Eligibility Example

Assume you were hired on February 1, 2002, and completed 1,000 hours of vesting service by September 1, 2002. You became a Plan participant on February 2, 2003 (the first day following the first anniversary of your hire date).

If you were hired before January 1, 2002, you may have been subject to different eligibility requirements under the Plan, including eligibility during the short Plan year (November 26, 2001, through December 31, 2001). For more information, contact the Boeing Pension Service Center by calling Boeing TotalAccess and selecting “pension” from the menu.

Rehired Employees

If your employment with the Company ends and you are rehired within one year, you automatically will become a Plan participant on your rehire date. However, you will be required to satisfy the eligibility requirements by completing 1,000 hours of vesting service during your first 12 months of reemployment with the Company if either of the following applies to you:

• You were not a Plan participant during your prior employment with the Company.
• You had five or more consecutive one-year breaks in service when you were reemployed.

Transferred Employees

This information will apply to you if you transfer to or from a group that does not participate in the Plan.

If you transfer into a covered group from a group that does not participate in the Plan, and you completed the Plan’s eligibility service requirements before your transfer, you may begin participating...
in the Plan on your transfer date. If you have not completed the Plan’s eligibility service requirements, you will become a participant on the first day of the Plan year following the Plan year in which you complete 1,000 hours of vesting service.

If you have earned benefits under another plan, those benefits will remain under that plan and will be paid separately in accordance with the provisions of that plan. Those benefits will not be included in the benefit you earn under this Plan.

If you are participating in the Plan and transfer to an ineligible group, you will stop earning benefit service on your transfer date. However, you will continue earning vesting service.

### Eligibility Example

**Example 1:** Assume you worked for an employing company since September 1, 2001, but were not a member of a covered group, and you completed 1,000 hours of vesting service during the 2002 Plan year (January 1, 2002, through December 31, 2002). If you became a member of a covered group on January 1, 2003, you automatically became a Plan participant on that date because you completed the Plan’s eligibility service requirements in 2002.

**Example 2:** Assume you have worked for an employing company since September 1, 2000, but were not a member of a covered group, and you did not complete 1,000 hours of vesting service during the 2001 Plan year. If you became a member of a covered group on January 1, 2002, and completed 1,000 hours of vesting service during the 2002 Plan year (January 1, 2002, through December 31, 2002), you became a Plan participant on January 1, 2003.

### Who May Not Participate

You are not eligible to participate in the Plan if any of the following apply to you:

- You are a nonresident alien working for the Company, and you have no earned income from the Company for work performed in the United States.
- You are working in a capacity that, at the sole discretion of the Plan Administrator, is considered a nonemployee, even if a court or administrative agency determines you are a common-law employee. Common-law employees include independent contractors, contract labor, consultants or advisers, leased employees, directors, or any person not paid directly through the payroll department.

### Your Responsibilities as a Plan Participant

As a Plan participant, you have certain responsibilities, including keeping Boeing informed of your latest address and understanding how to apply for benefits. The Boeing Pension Service Center is available to help you by answering your questions and providing you with Plan materials, such as a pension package.

### Boeing Pension Service Center

You may contact the Boeing Pension Service Center by calling Boeing TotalAccess and selecting “pension” from the menu to

- Ask questions about Plan benefits.
- Request an estimate of your benefit.
- Request a pension package, which includes the Commencement Election form you will need to begin your benefit payments.

Service Center representatives can provide you with confidential information about your pension benefits. If they cannot answer your question immediately, they will research the issue and contact you when they have an accurate answer. Representatives are available to talk with you Monday through...
Your Responsibilities

You must keep Boeing informed of your current address at all times. It may be necessary for Boeing to contact you from time to time on matters relating to your pension benefit.

You need to keep your PIN, and you need to keep it secure. Your PIN is necessary whenever you want to access information about your pension benefit, whether you are an active employee, a retiree, or a terminated employee. If you lose your PIN, call Boeing TotalAccess.

If you leave Boeing and are eligible to receive a pension benefit at a later date, you will be responsible for contacting Boeing TotalAccess to request the forms to begin your benefit payments.

Your Responsibilities When Applying for Plan Benefits

It is your responsibility to apply for Plan benefits. Follow these steps to apply:

1. Request your pension package. Contact the Boeing Pension Service Center by calling Boeing TotalAccess and selecting “pension” from the menu to request your pension package 60 to 90 days before you want your pension benefits to begin. A representative will provide you with the forms you must complete and answer any questions you may have about the retirement election process. You must call no later than the 20th of the month before the month in which you want your pension benefits to begin. When you call, you will need to provide:
   - Your BEMS ID number or Social Security number.
   - Your Boeing TotalAccess PIN.
   - The names, Social Security numbers, and dates of birth of your spouse and dependent children, if applicable.

   You also may request your pension package through the automated telephone system; however, you should call during business hours if you need to talk with a Boeing Pension Service Center representative. For example, if you use the automated phone system, you will be transferred to a representative to provide any spouse and dependent information.

2. Review your pension package. The Boeing Pension Service Center will mail your pension package to your home. Carefully read through the materials in the pension package as soon as possible. You may need to allow time to gather documentation, such as your marriage certificate and birth certificates for you and your spouse. Depending on the form of payment you choose, you may need your spouse’s consent, which will require your spouse’s signature to be notarized by a notary public. If you have any questions, call the Boeing Pension Service Center immediately to avoid processing delays.

3. Return your completed forms and documentation. Complete the required forms and return them, along with any requested documentation, according to the instructions in your pension package. The Boeing Pension Service Center must receive the forms before the benefit commencement date for payments to begin as scheduled. You must return the completed forms and documentation before the date you requested your pension benefits to begin (for example, by June 30 for a July 1 benefit commencement date) or your benefits may be affected.

   If you retire directly from Boeing, you must submit your completed forms no later than the day before you want your benefits to begin. If your forms are not received by the deadline and you
elect early retirement, your benefit will be reduced by the deferred vested benefit reduction factors. These reduction factors are more substantial than other early retirement reduction factors for the Plan. See Exhibit 11, on page 26.

If you change your mind after submitting your form and want to delay receiving your pension payments, you must notify the Boeing Pension Service Center in writing. The written notification must be received before your benefit commencement date. When you are ready for payments to begin, you must call the Boeing Pension Service Center to begin the process again.

4. Process your termination. If you are an active employee, you must process your termination before pension payments can begin. Active employees should process their own termination by going to my.boeing.com for directions. If you need assistance, notify your manager or People representative or call Boeing TotalAccess. If you are on a leave of absence, you must notify your leave of absence focal, who will assist you.

Service

How long you work for the Company is important in determining both your eligibility for benefits and the amount of your benefits. In general terms, this section explains how your service affects your pension benefits. Your actual service under the Plan will depend on several factors, such as whether you have been employed with one or more covered groups over the course of your career and whether you participated in certain other Company-sponsored retirement plans during that time.

Vesting Service

Note: If you were an active employee participating in this Plan on February 20, 2003, you started participating in the PVP on February 21, 2003. However, you continue to earn vesting service under this Plan while employed by Boeing. For example, if you earn two years of vesting service under this Plan and three years of vesting service under the PVP, you will become vested in your benefit under this Plan and the PVP.

In addition to determining when you can participate in the Plan, vesting service is used to determine whether you are eligible to receive benefits. This is known as becoming “vested.” When you become vested, you have a nonforfeitable right to your Plan benefits. This means you cannot lose your right to receive benefits, even if you end your employment with Boeing before you may retire under the Plan. For more information, see “When You May Retire,” beginning on page 21.

In general, you start earning vesting service when you begin working for the Company. You earn one year of vesting service for each Plan year (as defined in “Eligibility Requirements,” on page 6) in which you complete at least 1,000 hours of vesting service. However, you earned one additional year of vesting service if you were a member of a covered group and an active employee on November 26, 2001, the beginning of the short Plan year. Any period of service will be counted only once when calculating your years of vesting service.

Vesting Service Before November 26, 2001

Before November 26, 2001, you earned one hour of vesting service for each hour of work for which you were directly or indirectly entitled to receive salary compensation. If you were classified as a full-time employee, you earned 45 hours of vesting service per week that you were on the payroll of an MDC-controlled company. If you were classified as an hourly employee at any time, you earned vesting service for those periods as follows:

- You earned 1 hour for each hour the Company paid you (directly or indirectly), including straight time and overtime hours, vacation, holidays, sick leave, and other paid time off.
- You earned 1.23 hours of vesting service for each hour you were regularly scheduled to work if you were scheduled to receive 8 hours of pay for fewer than 8 hours of work (the third shift equivalent).
- You earned 45 hours of vesting service for each week you were on an approved leave of absence, up to a maximum of six months per leave.
The Plan will include the following periods as vesting service for any Plan year in which you earn fewer than 1,000 hours of vesting service:

- All benefit service you earned under this Plan.
- Your service with an employing company while not in a covered group.
- Authorized leave of absence for service in a government position if you were reemployed with an employing company within 31 days after you terminate government service.
- The first six months of any absence and leave of absence approved by your employing company.
- Authorized leaves of absence in excess of six months for an illness or injury for which you received weekly disability payments under a workers’ compensation law.
- Your employment with an MDC-controlled company that was not an employing company if you terminated employment from the employing company and later returned to an employing company.
- Service credited for purposes of determining your right to a benefit under any other retirement income plan of an MDC-controlled company that is not an employing company if your service was credited on or after the company became an MDC-controlled company.
- A leave of absence for service in the U.S. uniformed services (see “Uniformed Service,” on page 15).

A period of time will only be counted once for purposes of vesting service, even if it could be considered under more than one provision. You cannot earn more than one year of vesting service in one Plan year.

You were credited with a full year of vesting service when you completed 1,000 or more hours of vesting service during a Plan year. A full year of vesting service equaled 1,000 hours of vesting service. A partial year of vesting service was determined by including the periods described above.

**Vesting Service On or After November 26, 2001**

On or after November 26, 2001, you earn 45 hours of vesting service for each week during which you work at least one hour. In addition, you will earn vesting service if any of the following applies to you:

- You take an approved leave of absence for any purpose for up to 12 months, including medical, disability, maternity, family, personal, public service, educational, or disciplinary leave.
- You take an approved leave of absence to serve in a government position, provided that you return to active employment with an employing company within 31 days of leaving the government position.
- You take a leave of absence for service in the U.S. uniformed services.
- You take paid time off for vacation, a holiday, or jury duty.

For more information, see “Approved Leaves of Absence,” beginning on page 12.

How the Plan determines whether you earn a year of vesting service did not change on November 26, 2001. You earn one year of vesting service for each Plan year in which you complete 1,000 or more hours of vesting service. However, how the Plan calculates a partial year of vesting service did change. On or after November 26, 2001, you will receive a partial year of vesting service for a Plan year in which you earn fewer than 1,000 hours of vesting service. Your partial year of vesting service will be determined by dividing your total hours of vesting service earned during the Plan year by 1,000. For example, if you earn 900 hours of vesting service in a Plan year, you will receive partial credit for the Plan year of 0.900 (900 ÷ 1,000 = 0.900).

In addition, you earned one year of vesting service during the short Plan year (November 26, 2001, through December 31, 2001) if you were on the active payroll of a covered group as of November 26, 2001.

Although leased employees are not eligible to participate in the Plan, if you are a leased employee and you later become eligible to participate in the Plan, your service as a leased employee with Boeing will count as vesting service. If this applies to you, contact the Boeing Pension Service Center for more information.
**When You Become Vested**

You become vested in the Plan after you complete five years of vesting service or you attain age 65 while employed with one year of vesting service, whichever occurs first. If you leave Boeing after becoming vested, at age 65 you will be entitled to 100 percent of the benefit you earned up to the time you left Boeing.

**Benefit Service**

**Note:** If you were an active employee participating in the Plan on February 20, 2003, you started participating in the Pension Value Plan on February 21, 2003, and you started earning benefit service under the Pension Value Plan on that date; you no longer earn benefit service under this Plan. Your Plan benefit will be calculated based on the benefit service you earned before February 21, 2003.

Benefit service is part of the formula used to calculate the amount of your pension. In general, benefit service is your period of employment with a covered group during which you earned salary compensation. (See page 18 for the definition of salary compensation.)

The Plan counts your active service as part of a covered group as benefit service. This includes periods you are on sick leave, vacation, or an authorized period of absence, as described in “Approved Leaves of Absence,” beginning on page 12.

You generally will not earn benefit service if you take an unpaid leave of absence (see Exhibit 2, on page 13). However, this will not apply to you if you terminate your employment from a covered group to enter into qualified military service. You will earn benefit service for any period between the date you terminated your employment and the date of reemployment with the Company with full reemployment rights and benefits under applicable law. However, if you entered uniformed service as a result of the September 11, 2001, terrorist attacks, you will be credited with up to 180 days of benefit service regardless of whether you return to work for a covered group upon your return.

In certain situations, your benefit service may be lost. For instance, if you have a break in service (as described beginning on page 13), you may lose benefit service.

Benefit service is measured in full weeks regardless of your actual work schedule. For example, if you were part of a covered group for 6 years and 13 weeks, you would earn 6.25 years of benefit service (13 ÷ 52 = 0.25). Before November 26, 2001, if you were regularly scheduled to work less than full time (40 hours or 32½ hours per week, depending on shift assignment) or any other regular schedule approved by your employing company as full-time employment, your benefit service was reduced proportionately. For example, if you worked a reduced workweek of 30 hours per week for 1 year, you earned 0.75 years of benefit service.

Any period of service will be counted only once for the purposes of calculating years of benefit service.

**Aggregate Benefit Service**

**Note:** If you were an active employee participating in this Plan on February 20, 2003, you started participating in the Pension Value Plan on February 21, 2003. The benefit service you earn under the Pension Value Plan will be used to determine your aggregate benefit service under this Plan.

To determine whether you qualify for certain early retirement benefits or supplements, your years of benefit service will be based on your aggregate benefit service. In general, your aggregate benefit service equals your years of benefit service earned under this Plan plus any years of benefit service you may have completed as a participant in certain other Company-sponsored retirement plans.

For the purposes of this Plan, your aggregate benefit service will include any or all of the following:

- Your years of benefit service earned under this Plan.
- Your years of benefit service earned under the Pension Value Plan for Employees of The Boeing Company.

• Your years of service completed under the Employee Retirement Income Plan of McDonnell Douglas Corporation—Defined Contribution Plan (“Defined Contribution Plan”) and Employee Retirement Income Plan of McDonnell Douglas Corporation—Hourly Defined Contribution Plan (“Hourly Defined Contribution Plan”). To qualify, your years of service also would have counted as benefit service if you had been a member of a covered group under this Plan, the Hourly West Plan, or the Hourly East Plan during the same period.

• Your years of contributory service under the McDonnell Douglas Helicopter Company Retirement Plan for Salaried Employees (before the date that plan merged with this Plan) or the McDonnell Douglas Helicopter Company Retirement Plan for Hourly Employees. To qualify, your years of contributory service also would have counted as benefit service if you had been a member of a covered group under this Plan, the Hourly West Plan, or the Hourly East Plan during the same period.

Benefit service is determined under the terms of the plan in which you earned it. If the plan does not track benefit service, your service will be counted under the terms of any of the plans listed above provided that you earned the service as a member of a covered group.

**Approved Leaves of Absence**

**Note:** If you were an active employee participating in this Plan on February 20, 2003, you started participating in the Pension Value Plan on February 21, 2003. Although you may continue earning vesting service under this Plan, you no longer earn benefit service, even if you were on a leave of absence on the date you transferred to the Pension Value Plan.

If you are on a leave of absence, your vesting service and benefit service may continue for a period of time, as shown in Exhibit 2, on page 13.

If your leave status changes, vesting service will be limited to one year following your original leave start date. However, if vesting service is not limited under the first leave of absence, you will continue to earn vesting service until your second leave begins. Benefit service is limited based on the maximum amount of service you can accrue during one of your leaves of absence. For example, if you take a medical leave of absence and later take a personal leave of absence, you will earn up to one year of vesting service for both leaves of absence.

You also earn vesting service for either of the following:

• Time for which you are entitled to back pay as awarded or agreed to by the Company.
• Approved vacation, holidays, or jury duty.

Benefit service stops after 180 days of any combination of consecutive leaves of absence. Two leaves of absence are considered to be consecutive if there are fewer than 30 days between the date the first leave ends and the second begins. Time worked between leaves does not count toward leave time.

You will not incur a break in service while on a leave of absence until you terminate your employment. If your employment ends during a leave of absence, your vesting service and benefit service will stop on your termination date.

Benefit service begins accumulating again according to Plan rules on the date you return from a leave of absence.

To determine your hours of vesting service and benefit service while you are on a leave of absence (or working for a company that is not an employing company, as applicable), you will be credited with 45 hours of vesting service and/or benefit service for each week during these periods until you reach the maximum amount of service you can earn during your leave.

If you took a leave of absence before November 26, 2001, different rules may have applied to you. Contact the Boeing Pension Service Center for details.
Exhibit 2

Approved Leaves of Absence

<table>
<thead>
<tr>
<th>Type of leave</th>
<th>Effect on vesting service</th>
<th>Effect on benefit service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical related</td>
<td>Continues for up to one year (365 days)</td>
<td>Continues for up to 180 days</td>
</tr>
<tr>
<td>Educational (employee initiated), family, personal, or public service*</td>
<td>Continues for up to one year (365 days)</td>
<td>Continues for up to 30 days</td>
</tr>
<tr>
<td>Disciplinary</td>
<td>Continues for up to one year (365 days)</td>
<td>Stops</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Unlimited</td>
<td>Stops</td>
</tr>
<tr>
<td>Uniformed services leave</td>
<td>See “Uniformed Service,”** on page 15</td>
<td></td>
</tr>
</tbody>
</table>

* You will earn service for a leave of absence for government service if you must return to work with an employing company within 31 days of terminating government service.
** If you entered uniformed service as a result of the September 11, 2001, terrorist attacks, you will be credited with up to 180 days of benefit service regardless of whether you are hired by an employing company on your return.

Break in Service

If you are vested, you cannot experience a break in service. You are vested in a Plan benefit after you complete five years of vesting service or you attain age 65 while employed with one year of service, whichever occurs first. If you are vested, this section and “Reemployment and Service Restoration,” beginning on page 14, do not apply to you.

If you end your employment with Boeing and you have a break in service before you are vested, you could lose your vesting service and benefit service.

Not every termination of employment results in a break in service. You will not have a break in service if your employment terminated and you were later reemployed in one of the situations shown in Exhibit 3.

Exhibit 3

Break in Service

<table>
<thead>
<tr>
<th>Reason for termination</th>
<th>Reemployment requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active service in the U.S. uniformed services</td>
<td>See “Uniformed Service,” on page 15</td>
</tr>
<tr>
<td>Layoff because of lack of work</td>
<td>You are reemployed by the Company within three years</td>
</tr>
<tr>
<td>Any reason</td>
<td>You are reemployed by the Company within 31 days</td>
</tr>
</tbody>
</table>

If you did not return to employment with the Company as described in Exhibit 3, you generally had a break in service for each Plan year that ended after your employment terminated in which you earned fewer than 501 hours of vesting service, except as described in “Break in Service During the 2002 Plan Year,” on page 14. You did not have a break in service for the Plan year in which your employment ended if you earned 501 or more hours of vesting service during that Plan year before your date of termination. (If your employment ended before December 1, 1976, a break in service generally occurred on the date your employment ended regardless of how many hours of service you completed during the Plan year.)
You may be credited with up to 501 hours of vesting service if you terminate employment owing to one of the following reasons: pregnancy, childbirth, adoption or placement for adoption of a child, caring for a child immediately following birth or adoption, or a leave under the Family and Medical Leave Act of 1993. You will be credited with these hours of vesting service in the Plan year in which your absence begins unless they are not needed to avoid a break in service for that year. In this situation, these hours of vesting service will be credited to you in the following Plan year, if needed.

You lose your service during the Plan year when you no longer are able to accrue the 501 hours, which is called a “one-year break in service.”

If you had five or more consecutive one-year breaks in service, you may have experienced a “disqualifying break in service.” A disqualifying break in service would cause you to lose all rights to benefits in which you are not vested. For more information, see “Reemployment and Service Restoration,” beginning on this page.

### Break in Service Examples

**Example 1:** Assume you are laid off on February 1, 2002, with fewer than 501 hours of vesting service for the year. Because you have fewer than 501 hours, a break in service occurs for that year. If you return to work for the Company within three years, your prior vesting service and benefit service will be restored as soon as you return to work.

**Example 2:** Assume you quit your job on February 1, 2002, with fewer than 501 hours of vesting service for the year. Because you have fewer than 501 hours, a break in service occurs for that year. If you do not return to work for the Company before you experience a disqualifying break in service, your prior vesting service and benefit service will be lost.

If you are not vested when your employment ends and you incur a break in service, your vesting service and benefit service may be restored if you are reemployed, as explained in “Reemployment and Service Restoration,” beginning on this page.

### Break in Service During the 2002 Plan Year

If you were credited with fewer than 501 combined hours of vesting service during the short Plan year and the Plan year beginning January 1, 2001, you will incur a break in service for the 2002 Plan year (January 1, 2002, through December 31, 2002).

### Reemployment and Service Restoration

If you experience a break in service and your vesting service and benefit service are lost, your prior vesting service and benefit service may be restored after you are reemployed if you meet both of the following requirements:

- You are reemployed by Boeing before you have a disqualifying break in service.
- You earn one year of vesting service following your reemployment date.

If you have a break in service because of a layoff for lack of work, your benefit service will be restored if you return to work for the Company at any time after the layoff and work for at least 365 consecutive days on or after June 1, 1984. However, you will lose your restored benefit service if you are reemployed and earn additional benefit service that is later lost because of a break in service for any reason other than layoff.

### Restoration of Vesting Service Only

Under certain circumstances, only your vesting service may be restored. If you earned vesting service under this Plan on or after the date you became a participant and you lost your vesting service because of termination, your vesting service will be restored if you return to work for a covered group on or after June 16, 1975, for 90 or more calendar days.
Uniformed Service

If you take a leave because you enter the U.S. uniformed services (including the military, National Guard, and the Commission Corps of the Public Health Service) and have reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA), the time you spend in the U.S. uniformed services will be used to calculate vesting and benefit service under the Plan, in accordance with applicable law. You must meet the requirements of USERRA, including notice to Boeing, and return to employment within the prescribed time periods. For more information about how service in the uniformed services affects your pension benefit, call the Boeing Pension Service Center.

Reemployment and Your Benefits

In general, if you return to work for Boeing after retiring, your monthly pension benefits (including the minimum early retirement benefit [MERB], special minimum early retirement benefit [SMERB], or any other supplement) will be discontinued for your period of reemployment. However, your benefit payments will not be suspended if you were employed by Boeing on August 1, 1997, and continued to be employed by Boeing until you retired.

In general, any additional Plan benefit you earn following your rehire date will depend on how long you are reemployed and whether you were receiving benefits when you were reemployed, as shown in Exhibit 4, on page 16.

If you were receiving MERB or SMERB (as described beginning on page 25) when you were reemployed, it will stop during your period of reemployment. When you retire again, you may continue receiving MERB or SMERB if you continue to meet the age and service requirements when your reemployment ends. If you are reemployed for fewer than 365 days, your MERB or SMERB will be based on Plan provisions in effect when you originally retired.

If you were not receiving benefits when you were reemployed, you will not be eligible to receive MERB or SMERB if you work fewer than 365 days, even if you meet the age and service requirements when your reemployment ends, unless you are subsequently laid off and otherwise qualify for MERB or SMERB. However, if you work more than 365 days and were not receiving benefits, you may receive MERB or SMERB if you qualify for an early retirement supplement. The Plan will pay MERB or SMERB only if it provides a higher benefit than your accrued benefit alone.

Regardless of whether you were receiving benefits when you were reemployed, if you work 365 days or more, your MERB or SMERB will be the greater of either of the following:

• The benefit based on Plan provisions in effect when you originally retired.
• The benefit based on Plan provisions in effect when you retire again.

If you die while you are reemployed, your spouse may be eligible for a preretirement survivor benefit (as described beginning on page 36).
Benefits

The Plan uses the following two formulas to determine your pension benefit:

- The **plan benefit formula** is based on your five-year average monthly salary, estimated monthly Social Security benefit (called your “primary insurance amount” [PIA]), and benefit service.
- The **minimum benefit formula** is based on your years of benefit service under the Plan.

When you retire, your benefit will be calculated using both formulas. You will receive benefits under the formula that produces the larger monthly benefit.
Plan Benefit Formula

Your Plan benefit will be determined using a formula that considers your

- Five-year average monthly salary (AMS).
- Primary insurance amount (PIA).
- Benefit service.

This formula determines the basic benefit you will be eligible to receive on the first of the month coinciding with or next following the month in which you attain age 65. The benefit will be payable as a single life annuity. However, the amount of your benefit can change, depending on when you retire and the method of payment you elect.

Plan Benefit Formula Example

Assume you plan to retire at age 65, your AMS is $3,783, and you have 10 years of benefit service. In addition, your PIA is $1,200. Your monthly benefit would be calculated as follows:

\[
1.65\% \times 3,783 \text{ (AMS)} \times 10 \text{ (years of benefit service)} = 624 \\
1.5\% \times 1,200 \text{ (PIA)} \times 10 \text{ (years of benefit service)} = 180 \\
= 444 \text{ monthly benefit (}624 \text{ – }180 = 444)\]

Average Monthly Salary

Note: If you were an active employee participating in this Plan on February 20, 2003, you became eligible to participate in the Pension Value Plan on February 21, 2003. As long as you are a salaried employee of the Company and you are not represented by a collective bargaining agent, your salary compensation will be used to calculate your average monthly salary under this Plan.

Your AMS is the highest average monthly salary for 5 consecutive years out of the last 10 years of vesting service. AMS is calculated for each Plan year in which you earn salary compensation. However, if you did not earn salary compensation during your last 10 years of vesting service, your AMS will be your average monthly salary for the most recent Plan year in which you earned salary compensation. If you have participated in the Plan for fewer than five years, all your salary compensation during the entire period you earned vesting service will be considered.
The Plan has a limit on the amount of salary compensation it can use to calculate your AMS. This amount is established by the Internal Revenue Service (IRS) and can change periodically. For 2003, the annual limit is $200,000.

Your AMS is calculated by dividing your total annual compensation by your AMS service for the Plan year and 12, as shown below. Your AMS service is your period of employment based on the 52-week period beginning on the first day of each Plan year during which you earn salary compensation. It also includes benefit service under this Plan and all periods of service with the Company if you were in a covered group at the time of service that would have been credited with benefit service under this Plan.

\[
\frac{\text{Total compensation}}{\text{AMS service} \times 12} = \text{Annual average monthly salary}
\]

The table below provides an example of how your AMS is calculated under the Plan. Partial years of benefit service can affect the calculation of your AMS. This calculation shows full Plan years and has been simplified for illustrative purposes. In general, actual calculations are more complex because retirements do not always occur at the end of the Plan year, earnings histories are not uniform, and benefit service is not always continuous.

### Average Monthly Salary Example

Assume you plan to retire with 10 years of AMS service. Your AMS would be calculated as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary compensation</th>
<th>Year</th>
<th>Salary compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>$52,000</td>
<td>5</td>
<td>$44,000</td>
</tr>
<tr>
<td>9</td>
<td>$50,000</td>
<td>4</td>
<td>$41,000</td>
</tr>
<tr>
<td>8</td>
<td>$47,000</td>
<td>3</td>
<td>$39,000</td>
</tr>
<tr>
<td>7</td>
<td>$46,000</td>
<td>2</td>
<td>$38,000</td>
</tr>
<tr>
<td>6</td>
<td>$45,000</td>
<td>1</td>
<td>$37,000</td>
</tr>
</tbody>
</table>

Your highest five consecutive years of salary compensation are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary compensation ÷ 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>$4,333</td>
</tr>
<tr>
<td>9</td>
<td>$4,167</td>
</tr>
<tr>
<td>8</td>
<td>$3,917</td>
</tr>
<tr>
<td>7</td>
<td>$3,833</td>
</tr>
<tr>
<td>6</td>
<td>$3,750</td>
</tr>
</tbody>
</table>

Total $20,000 ÷ 5 = $4,000 AMS

### Salary Compensation

Salary compensation is the sum of:

- Base salary earnings while employed by the Company, including your full base pay while on a short-term or active duty military leave of absence.
- Any amount of base salary deferred on a pretax basis under the Employee Savings Plan of McDonnell Douglas Corporation—Salaried Plan or any 401(k) or Section 125 plans offered by an MDC-controlled company.
- Lump-sum wage payments made in lieu of annual merit increases made after March 1, 1992.

Salary compensation does not include any bonus, award, special pay, merits lump-sum salary payment (except when in lieu of an annual merit increase after March 1, 1992), cost-of-living allowance, overtime, subsistence allowance, lump-sum vacation pay, severance benefit, or back pay pursuant to the consent decree filed March 1, 1993, between MDC and the Equal Employment Opportunity Commission. If you worked for McDonnell Douglas Training Systems, Inc., any salary compensation you received from that company between October 7, 1991, and December 31, 1994, will not be included. In addition, if you worked for McDonnell Douglas Technical Services Company, any salary compensation you received from that company will not be included.
**Social Security Offset**

While you are earning benefit service, the Company is making payments toward Social Security benefits on your behalf. For this reason, the second part of the formula reduces, or offsets, your Social Security benefit. To ensure that the offset will not be more than 50 percent of your PIA, the Plan formula limits benefit service for this purpose to 33\(\frac{1}{3}\) years or less if you retire before you are age 65.

Your PIA is your monthly Social Security benefit payable at age 65, or if later, when your employment ends. In general, the Company estimates your PIA at the earliest of your date of termination or the date you stop earning salary compensation. The Plan also assumes you have no further compensation. If your PIA is estimated, the Company will assume your salary compensation grows six percent annually to your termination date or to the date your compensation ends. You will be notified if the Company estimated your PIA.

You have a right to submit your actual salary history from the Social Security Administration to the Boeing Pension Service Center to have your benefit recalculated. However, you must submit your actual records by the later of within six months after you terminate your employment with the Company or the date you are notified of your Plan benefit. If your recalculated benefit is larger, your benefits will be adjusted for any past underpayments. If your recalculated benefit is smaller, there will be no change in your benefit payment amount.

**Alternate PIA Offset**

If you retire before age 60, but not before age 55, and satisfy the minimum benefit service requirement at retirement, the Plan will use a more favorable PIA offset instead of the standard Social Security offset shown in the Plan benefit formula. The lower PIA is based on your age when you retire, as shown in Exhibit 6, on page 20.

**Social Security Normal Retirement Age**

If you were born in 1937 or before, you will receive full Social Security benefits when you attain age 65 (your Social Security normal retirement age). If you were born after 1937, your Social Security normal retirement age may be older than age 65. For example, if you were born in 1960 or later, your normal retirement age is 67, and you only receive full Social Security benefits at that time. The Plan formula is based on normal retirement at age 65. Because of this, your PIA will be reduced to reflect Social Security benefits beginning at age 65. If you continue working for Boeing after you reach the Social Security normal retirement age, Social Security will increase your monthly PIA based on your life expectancy when your benefits begin. This Plan also will take into account the higher PIA.
Exhibit 6

Alternate PIA Offset

The following chart shows the alternate PIA offset based on your age at your retirement and minimum benefit service requirements.

<table>
<thead>
<tr>
<th>Age at retirement</th>
<th>Minimum years of benefit service</th>
<th>PIA offset (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>27.03</td>
<td>37.5</td>
</tr>
<tr>
<td>56</td>
<td>28.00</td>
<td>40.0</td>
</tr>
<tr>
<td>57</td>
<td>28.34</td>
<td>42.5</td>
</tr>
<tr>
<td>58</td>
<td>30.01</td>
<td>45.0</td>
</tr>
<tr>
<td>59</td>
<td>31.67</td>
<td>47.5</td>
</tr>
</tbody>
</table>

Example

Assume you retire from the Company at age 57 on February 1, 2003. Your monthly PIA is $1,000. You have completed 30 years of service. Under the Plan benefit formula, your Social Security offset would be calculated as follows:

\[
1.5\% \times \$1,000 \times 30 = \$450
\]

Because of your age and service at retirement, the Plan would use the PIA offset, which produces a more favorable Social Security offset, as follows:

\[
42.5\% \times \$1,000 = \$425
\]

Your monthly benefit would be $25 larger as a result of the alternate PIA offset.

Minimum Benefit Formula

The Plan also provides a minimum monthly benefit. The minimum benefit formula (shown as a single life annuity) is

\[
\text{\$48 per month} \times \text{your years of benefit service}
\]

If you are eligible for early retirement, retire on or after attaining age 62, and were hired before November 26, 1990, your minimum benefit will not be reduced for early retirement. Otherwise, if you are eligible for early retirement and retire before attaining age 65, your minimum benefit will be reduced for early retirement. The reduction will depend on your age when benefits begin and whether you retired from Boeing, terminated your employment before retirement, or were laid off. See “Retirement From Layoff Status,” beginning on page 29.

Minimum Benefit Formula Example

Assume you are 65 years old and have completed eight years of benefit service. The minimum monthly benefit provided by the Plan would be as follows:

\[
\text{\$48} \times 8 = \text{\$384 per month}
\]

Maximum Plan Benefit

The IRS establishes the maximum annual benefits payable under this Plan. For 2003, the maximum annual benefit is $160,000. This benefit may be reduced for early retirement and the payment option you elect. In addition, contributions to other plans can affect certain limits. If the limits are exceeded, benefits under the plans may be reduced.
Prior Benefit Formulas
The current formula under the Plan replaced a succession of earlier benefit formulas. When you retire, your benefit will be calculated according to the benefit formula that applies to you.

When You May Retire

Normal Retirement—Age 65
Normal retirement age is 65. You are eligible for normal retirement benefits on the first day of the month coinciding with or next following your 65th birthday. For example, if your 65th birthday is March 1, you will be eligible for benefits on March 1. However, if your birthday is March 20, you will be eligible for benefits on April 1.

You may retire before or after your normal retirement date, depending on your age and years of service, as described in the following sections.

Early Retirement—Ages 55 to 65
You may retire as early as age 55 under the Plan if you have at least 10 years of vesting service. If you are eligible for early retirement but are laid off before you elect to retire, you may be eligible for a more favorable early retirement benefit if you begin receiving payments within certain time periods following your layoff date. For more information, see “Retirement From Layoff Status,” beginning on page 29.

If you elect to retire on your 55th birthday and that birthday falls on the first day of any month, you will be deemed to have attained age 55 on the last working day of the prior month. Regardless of your birth date, your early retirement date is the first day of the month following the date your employment ends. In general, your early retirement benefits will begin on the first day of the month following the month in which you filed the Commencement Election form. For example, if you file your written election for benefits on February 10, your retirement will take effect on March 1. If you do not elect early retirement by the first day of the month following the date your employment ends, you will not be eligible for early retirement unless you were laid off. (See “Retirement From Layoff Status,” beginning on page 29.) If this applies to you, you will become eligible for a deferred vested benefit. For more information, see “Deferred Vested Benefit Early Retirement Reduction Factors,” on page 25.

In general, if you retire directly from Boeing and begin receiving your Plan benefit before age 65, your payment will be reduced using the early retirement reduction factor appropriate for your situation. This adjustment is made to your early retirement benefit because payments are expected to continue over a longer period of time. The amount of the Plan benefit you receive will be reduced for each year (or partial year) your retirement date precedes your attainment of age 65, as shown in Exhibit 7, on page 22.

Reductions for Early Retirement
In general, if you elect to retire early, your accrued benefit will be reduced using one of three early retirement reduction factors. The reduction factor that will apply to you depends on your hire date, your age and years of vesting service when you retire, and whether you elect to retire directly from Boeing.
### Exhibit 7

**Early Retirement Benefits**

<table>
<thead>
<tr>
<th>If your age is between . . .</th>
<th>And you have . . .</th>
<th>Then your monthly benefit payable at retirement will be . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>55 and 65</td>
<td>30 or more years of aggregate benefit service or at least 85 points</td>
<td>An immediate benefit based on your AMS, PIA, and years of benefit service or the minimum benefit (whichever is greater) plus MERB up to age 62, if applicable. Your payments will not be reduced to reflect your age at the time benefits begin.</td>
</tr>
<tr>
<td>55 and 65</td>
<td>10 or more years of vesting service</td>
<td>An immediate benefit based on your AMS, PIA, and years of benefit service or the minimum benefit (whichever is greater), but may be reduced to reflect your age at the time benefits begin. (See “Reductions for Early Retirement,” beginning on page 21.)</td>
</tr>
<tr>
<td>60 and 62</td>
<td>20 but less than 30 years of aggregate benefit service</td>
<td>An immediate benefit based on your AMS, PIA, and years of benefit service or the minimum benefit (whichever is greater) plus SMERB up to age 62, if applicable. Your payments may be reduced to reflect your age at the time benefits begin. (See “Reductions for Early Retirement,” beginning on page 21.)</td>
</tr>
</tbody>
</table>

### 85-Point Early Retirement Reduction Factors—If You Were Hired Before November 26, 1990

Your benefit reduction will be determined using the 85-point early retirement reduction factors if any of the following apply to you when you retire directly from Boeing:

- You earned benefit service before November 26, 1990.
- You were employed by the Company before November 26, 1990, but were not in a covered group, and on or after that date you have not had more than five consecutive Plan years with breaks in service.
- You terminated your employment before November 25, 1989, with at least 5 but no more than 10 years of vesting service, and were reemployed before November 26, 1990, or on or after that date, but your consecutive years with breaks in service were less than the years of service you earned before your breaks in service.

The 85-point early retirement reduction factors refer to the sum of your age and vesting service when you retire. If the sum of your age and vesting service equals 85 points or more, your benefits will not be reduced. Otherwise, your benefit generally will be reduced by 2.5 percent (or fraction thereof) for each point fewer than 85 at your retirement (see Exhibit 8, on page 23). However, your benefit may be reduced by 2.5 percent for each year (or partial year) you are under age 65 if this calculation results in a greater benefit. Both the points-based and age-related early retirement reduction factors are reflected in Exhibit 8, on page 23.
Exhibit 8

85-Point Early Retirement Reduction Factors

This chart shows the percentage of your benefit payable based on the sum of your age and vesting service at retirement using the Plan early retirement reduction factor of 2.5 percent per year for each point fewer than 85 or for each year (or partial year) you are under age 65.

<table>
<thead>
<tr>
<th>Years of vesting service</th>
<th>Age at retirement*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55</td>
</tr>
<tr>
<td>10 to 20</td>
<td>75.0</td>
</tr>
<tr>
<td>21</td>
<td>77.5</td>
</tr>
<tr>
<td>22</td>
<td>80.0</td>
</tr>
<tr>
<td>23</td>
<td>82.5</td>
</tr>
<tr>
<td>24</td>
<td>85.0</td>
</tr>
<tr>
<td>25</td>
<td>87.5</td>
</tr>
<tr>
<td>26</td>
<td>90.0</td>
</tr>
<tr>
<td>27</td>
<td>92.5</td>
</tr>
<tr>
<td>28</td>
<td>95.0</td>
</tr>
<tr>
<td>29</td>
<td>97.5</td>
</tr>
<tr>
<td>30 or more</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Example

Assume you were born on February 1, 1946. You retire from Boeing at age 57 on February 1, 2003. You have 15 years of vesting and benefit service. You choose a single life annuity as the payment option. Your monthly early retirement benefit, based on a combination of age and vesting service under the Plan, would be calculated as follows:

Accrued monthly benefit          $1,100
Early retirement factor     \( \times 0.80 \)
Monthly early retirement benefit** =    $880

* The percentages shown here are based on whole ages. Your benefit will be based on your age in years and completed months.
** This amount will be reduced further if you choose a payment option other than a single life annuity.

Minimum Plan Benefit Early Retirement Reduction Factors—
If You Were Hired Before November 26, 1990

If you are eligible for a minimum Plan benefit (see “Minimum Benefit Formula,” on page 20), the Plan will calculate your early retirement benefit using the reduction factors listed in Exhibit 9, on page 24. Using these reduction factors, your minimum benefit will be reduced by 2.5 percent (or fraction thereof) for each year your retirement date precedes your attainment of age 62. However, your benefit may be reduced by 2.5 percent for each point fewer than 85 at your retirement if this calculation results in a greater benefit.
**Exhibit 9**

**Minimum Benefit Early Retirement Reduction Factors**

This chart shows the percentage of your benefit payable based on the sum of your age and service at retirement using the Plan reduction factor of 2.5 percent per year for each year you are under age 62 or for each point fewer than 85 if you are eligible for a minimum Plan benefit.

<table>
<thead>
<tr>
<th>Years of vesting service</th>
<th>Age at retirement*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55</td>
</tr>
<tr>
<td>10 to 23</td>
<td>82.5</td>
</tr>
<tr>
<td>24</td>
<td>85.0</td>
</tr>
<tr>
<td>25</td>
<td>87.5</td>
</tr>
<tr>
<td>26</td>
<td>90.0</td>
</tr>
<tr>
<td>27</td>
<td>92.5</td>
</tr>
<tr>
<td>28</td>
<td>95.0</td>
</tr>
<tr>
<td>29</td>
<td>97.5</td>
</tr>
<tr>
<td>30 or more</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Example**

Based on the same assumptions in the example in Exhibit 8, on page 23, your monthly retirement benefit may be calculated using a reduction factor listed above if you were eligible for a minimum benefit because it provides the larger benefit.

- **Accrued monthly benefit**: $720
- **Early retirement factor**: \( \times 0.875 \)
- **Monthly early retirement benefit**\(^{**} \): \( = \) $630

* The percentages shown here are based on whole ages. Your benefit will be based on your age in years and completed months.
** This amount will be reduced further if you choose a payment option other than a single life annuity.

**Six Percent Early Retirement Reduction Factors—**
**If You Were Hired On or After November 26, 1990**

The six percent early retirement reduction factors will be used to adjust your early retirement benefits under both formulas if one of the following applies to you:

- You were first on the active payroll of the Company on or after November 26, 1990.
- You were on the active payroll of the Company before November 26, 1990, but lost benefit service you earned before that date.
- Between your last day on the active payroll of the Company before November 26, 1990, and your retirement date, you have had more than five consecutive Plan years with breaks in service or your breaks in service exceed your years of vesting service.

If these early retirement reduction factors apply to you, your early retirement benefit will be reduced by six percent (or fraction thereof) for each year your retirement date precedes your attainment of age 65, as shown in Exhibit 10, on page 25. No other reduction factors will be considered.
Exhibit 10

Six Percent Early Retirement Reduction Factors

This chart shows the percentage of your benefit payable based on your age at your retirement.

<table>
<thead>
<tr>
<th>Age at retirement*</th>
<th>Percentage of benefit payable</th>
<th>Age at retirement*</th>
<th>Percentage of benefit payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>40.2</td>
<td>61</td>
<td>76.0</td>
</tr>
<tr>
<td>56</td>
<td>46.0</td>
<td>62</td>
<td>82.0</td>
</tr>
<tr>
<td>57</td>
<td>52.0</td>
<td>63</td>
<td>88.0</td>
</tr>
<tr>
<td>58</td>
<td>58.0</td>
<td>64</td>
<td>94.0</td>
</tr>
<tr>
<td>59</td>
<td>64.0</td>
<td>65</td>
<td>100.0</td>
</tr>
<tr>
<td>60</td>
<td>70.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Example

Assume you were born on January 1, 1941. You retire from the Company at age 62 on January 1, 2003, with 10 years of benefit service. You choose a single life annuity as the payment option. Your monthly early retirement benefit, based on the six percent early retirement reduction factors, would be calculated as follows:

Accrued monthly benefit $1,000
Early retirement factor \( \times 0.82 \)
Monthly early retirement benefit** = $820

* The percentages shown here are based on whole ages. Your benefit will be based on your age in years and completed months.
** This amount will be reduced further if you choose a payment option other than a single life annuity.

Deferred Vested Benefit Early Retirement Reduction Factors

If you end your employment with Boeing before electing early retirement, your deferred vested benefit will be reduced using the reduction factors shown in Exhibit 11, on page 26. These reduction factors are more substantial than the other early retirement reduction factors.

Early Retirement Supplement

You may be able to retire early and receive a supplemental early retirement benefit in addition to your monthly early retirement benefit. These benefits, which are paid to long-service employees who are age 55 to 62, are intended to supplement their retirement income before becoming eligible for Social Security benefits.

To be eligible for a supplemental early retirement benefit, you must apply for early retirement by the first of the month following the date your employment ends. If your employment ends as a result of layoff, see “Early Retirement Supplements During Layoff,” on page 29. In addition, you may not receive a supplemental early retirement benefit if you elect to retire under the accelerated income option, as described beginning on page 34, or if you elect a disability retirement, as described beginning on page 30.
## Exhibit 11

### Deferred Vested Benefit Early Retirement Reduction Factors

This chart shows the percentage of your deferred vested benefit payable based on your age when you begin receiving benefits.

<table>
<thead>
<tr>
<th>Age at retirement*</th>
<th>Percentage of benefit payable</th>
<th>Age at retirement*</th>
<th>Percentage of benefit payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>40.20</td>
<td>61</td>
<td>67.48</td>
</tr>
<tr>
<td>56</td>
<td>43.69</td>
<td>62</td>
<td>77.49</td>
</tr>
<tr>
<td>57</td>
<td>47.54</td>
<td>63</td>
<td>81.98</td>
</tr>
<tr>
<td>58</td>
<td>51.83</td>
<td>64</td>
<td>90.43</td>
</tr>
<tr>
<td>59</td>
<td>56.59</td>
<td>65</td>
<td>100.00</td>
</tr>
<tr>
<td>60</td>
<td>61.90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Example

Assume you were born on January 1, 1953. You end your employment with the Company on January 1, 2003, and you elect to begin receiving benefits at age 60 on January 1, 2013. You choose a single life annuity as the payment option. Your monthly benefit, based on the deferred vested benefit reduction factors, would be adjusted as follows:

- Accrued monthly benefit: $1,600
- Early retirement factor: $1,600 \times 0.619 = $990

**Monthly early retirement benefit**

* *The percentages shown here are based on whole ages. Your benefit will be based on your age in years and completed months.
** This amount will be reduced further if you choose a payment option other than a single life annuity.

To receive MERB or SMERB, you must meet the following eligibility requirements:

<table>
<thead>
<tr>
<th>Type</th>
<th>Eligibility requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>MERB</td>
<td>Be in a covered group, attained age 55, but not age 62, and have completed 30 or more years of aggregate benefit service on the date you retire from the Company</td>
</tr>
<tr>
<td>SMERB</td>
<td>Be in a covered group, attained age 60, but not age 62, and have completed 20 but fewer than 30 years of aggregate benefit service on the date you retire from the Company</td>
</tr>
</tbody>
</table>

Satisfying the eligibility requirements for MERB or SMERB does not ensure that you will receive it. The Plan will pay an early retirement supplement only if it will provide a greater benefit than the sum of your accrued minimum retirement benefit plus $375, as illustrated in Exhibit 12, on page 27.

If you qualify for MERB or SMERB, you will receive your early retirement supplement from the date your early retirement benefits begin until the earliest of the following:

- The date you attain age 62.
- The date you die.
- The date you are rehired by Boeing.

*Continued on page 28*
### Exhibit 12

**Early Retirement Supplement Benefit Formula**

$375

+ $48 times your years of benefit service under this Plan, the Hourly East Plan, the Hourly West Plan, and contributory service under the McDonnell Douglas Helicopter Company Plan and the McDonnell Douglas Helicopter Company Retirement Plan for Hourly Employees (reduced based on your age at retirement)

minus the sum of the amount of your early retirement benefit paid as a single life annuity under this Plan

+ the sum of early retirement benefits payable under the Hourly East Plan, the Hourly West Plan, and contributory service under the McDonnell Douglas Helicopter Company Plan and the McDonnell Douglas Helicopter Company Retirement Plan for Hourly Employees

---

**Example 1**

Assume you were born on February 1, 1948. You retire from the Company at age 55 on February 1, 2003. You have 30 years of aggregate benefit service. You earned all of your service under this Plan. You choose a single life annuity as the payment option, and your monthly early retirement benefit is $1,550. Your monthly MERB would be calculated as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum monthly benefit ($48 x 30 years)</td>
<td>$1,440</td>
</tr>
<tr>
<td>Monthly early retirement benefit payable to age 62</td>
<td>$1,815</td>
</tr>
<tr>
<td>Your accrued early retirement monthly benefit paid as a single life annuity</td>
<td>$1,550**</td>
</tr>
<tr>
<td><strong>MERB payable to age 62</strong></td>
<td><strong>$265</strong></td>
</tr>
<tr>
<td><strong>Total monthly benefit (payable until age 62)</strong></td>
<td><strong>$1,815</strong></td>
</tr>
</tbody>
</table>

Add your accrued early retirement benefit and MERB to calculate your total monthly early retirement benefit payable until age 62. When you attain age 62, you no longer receive MERB. However, you will continue receiving your accrued early retirement benefit of $1,550 plus Social Security benefits, if you choose to receive them.

**Example 2**

In this example, assume that all the assumptions in example 1 apply, except your monthly early retirement benefit is $2,000. In this case, you would not be eligible for MERB because your accrued monthly benefit is greater than the sum of your minimum monthly benefit plus $375.

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum monthly benefit ($48 x 30 years)</td>
<td>$1,440</td>
</tr>
<tr>
<td>Monthly early retirement benefit payable to age 62</td>
<td>$1,815</td>
</tr>
<tr>
<td>Your accrued early retirement monthly benefit paid as a single life annuity</td>
<td>$2,000**</td>
</tr>
<tr>
<td><strong>MERB payable to age 62</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>

---

* Reductions for other forms of payment do not apply to the MERB or SMERB portion of your benefit because these supplements do not continue after your death.

** This amount will be reduced further if you choose a payment option other than a single life annuity. You may not elect the accelerated income option when you retire with MERB or SMERB.
Late Retirement—After Age 65

The Plan provides for a late retirement benefit if you continue to work after the end of the month in which you reach age 65. You may elect to retire at any time thereafter. Your benefit will be calculated in the same manner as a normal retirement benefit. If you terminate employment after age 65, you will be eligible to start receiving benefits immediately. Contact the Boeing Pension Service Center to start receiving your benefits.

If You Continue Working After Age 65

If you continue working for the Company in a covered group after age 65, you will continue to earn years of benefit service under the Plan. You will not begin to receive benefit payments until the earlier of the first day of the month on or after the date you retire from Boeing or your age 70½ distribution date, as described in the following section.

If you work for Boeing after age 65, you will experience what the U.S. Department of Labor considers a “suspension of benefits.” This means that, during the period you work between the ages of 65 and your age 70½ distribution date, you will not receive pension benefits even though you will be eligible to retire and could elect to receive your benefits if you did. In general, your benefits will not begin before your age 70½ distribution date unless you end your employment with Boeing.

Age 70½, Distribution Date

Effective January 1, 2001, under the terms of the Plan, benefits under the Plan must begin as of April 1 following the calendar year in which you reach age 70½, even if you are still working for Boeing. This is your age 70½ distribution date.

If you are an active employee on your age 70½ distribution date, you will begin receiving a monthly benefit equal to your accrued benefit under the Plan, payable in the form of a single life annuity. However, you may elect the life and period certain option. Under this option, your payments will be made in the form of a single life annuity while you are working. In the event you die while actively employed, your beneficiary will receive adjusted payments based on the period certain you elected.

If you continue to work past your age 70½ distribution date, you will continue to earn benefit service until the last day of the Plan year before you retire. At the end of each Plan year (and when you terminate your employment), your benefit will be recalculated to reflect the benefit service you earned during the prior Plan year and the payments you have received since your age 70½ distribution date. If your benefit increases because of this annual recalculation, you will receive the greater benefit on January 1 of the following year (or the first day of the month next following your termination). If the net effect of this recalculation would reduce your benefit, there will be no change in your benefit payment amount. When you retire, you may elect to receive your benefit in any form of payment available under the Plan.

If you die after age 70½ but while actively employed by Boeing, your spouse (if you have one) automatically will receive a monthly benefit equal to a 100 percent surviving spouse option, calculated as if you had ended your employment and commenced benefits as of the first day of the month following the date of your death. However, if you originally elected the life and period certain option when you attained age 70½, your beneficiary will receive adjusted monthly payments beginning on the first of the month following your date of death, and ending at the end of the period certain you elect.

Before you become eligible for an age 70½ distribution, the Plan Administrator will notify you about the forms of payment for which you are eligible and the amount of your benefit.

If you attained age 70½ before January 1, 2001, different rules regarding your age 70½ distribution date applied to you. For more information, contact the Boeing Pension Service Center.
Retirement From Layoff Status

If you are laid off by Boeing and meet certain requirements, you may retire and be treated as if you retired directly from Boeing. The Plan provisions that apply to you depend on your age when you are laid off.

Layoff After Age 55 But Before Age 65

If you are at least age 55 and have 10 or more years of vesting service on your layoff date, you may elect early retirement anytime within 5 years of your layoff date, unless you become eligible for and elect normal or late retirement benefits. Your benefits will begin on the first day of the month following the month in which you elect early retirement benefits. If you do not elect to retire within five years of your layoff date and you are not eligible for normal or late retirement benefits, you will be eligible for a deferred vested benefit.

If you are age 60 or older and have 10 or more years of vesting service on your layoff date, you may retire from layoff status with a normal retirement benefit when you attain age 65, unless you elect early or late retirement benefits. If you retire with a normal retirement benefit, your benefit will begin on the first day of the month coinciding with or next following your 65th birthday. If you elect late retirement, your benefits can begin in any month within the five-year layoff period after age 65. Your benefit payments will be retroactive to your normal retirement age.

Layoff at Age 65 or Older

If your layoff occurs on or after you reach age 65, your retirement benefits will begin on the earlier of the first day of any month within five years of your layoff date or on April 1 following the calendar year in which you reach your age 70½ distribution date. Your benefit payments will be retroactive to the later of your normal retirement age or the first of the month following your layoff date. For example, if you are laid off at age 65 and delay receiving your retirement benefits until age 67, you will begin receiving monthly retirement benefits on the first day of the month after you elect to start receiving benefits. You also will receive a lump-sum payment for the two years of benefit payments you delayed receiving.

Early Retirement Supplements During Layoff

If you are laid off, you may be eligible to receive an early retirement supplement in addition to your monthly early retirement benefit. To be eligible for MERB, you must satisfy both the age and service eligibility requirements on the date you are laid off. You may also defer your early retirement, but not later than five years from your layoff date.

You may become eligible for SMERB if all of the following apply to you:

• You are eligible for retirement at the time of your layoff.
• You have completed at least 20 years of aggregate benefit service when you are laid off.
• You elect early retirement between the ages of 60 and 62, and you do so within five years of your layoff date.

Satisfying the eligibility requirements does not ensure that you will receive MERB or SMERB. See “Early Retirement Supplement,” beginning on page 25, for more information.

Special Layoff Provisions for Certain Participants

In certain situations you may become eligible for early retirement from a layoff.

To qualify for the special Plan layoff provisions, you must meet three criteria: age and service requirements, the date of your layoff, and your membership in other covered groups at the time of your layoff. However, regardless of your age when you qualify for this special layoff, you may not begin receiving monthly benefit payments before you attain age 55.
1. **Age and Service Requirements**

   To qualify for the special Plan layoff provisions, you must meet one of the following age and service requirements:
   - You must be at least age 50, but not yet age 55, on your layoff date, and you must have 10 or more years of vesting service.
   - You may be younger than age 50 on your layoff date, but your age plus your years of vesting service under the Plan must equal 75 or greater at layoff.

2. **Date of Layoff**

   In addition to meeting the age and service requirements for the special Plan layoff provisions, your layoff date must be on or after January 1, 1990.

3. **Membership in Certain Other Covered Groups on Your Layoff Date**

   In addition to meeting Plan requirements regarding age and service and the date of your layoff, you also must be one of the following on your layoff date:
   - A member of a covered group under this Plan.
   - A member of a covered group under the Hourly East Plan or Hourly West Plan not represented by a collective bargaining agent.
   - An active participant (or on a leave of absence) in the Pension Value Plan.

You can postpone receiving retirement benefits. However, retirement benefits must begin no later than age 65.

**Disability Retirement**

You may qualify for disability retirement benefits if you become permanently and totally disabled while an active employee with Boeing or while on an approved leave of absence. Permanent and total disability means you have an illness or injury that is expected to prevent you from engaging in regular employment for compensation or profit for the rest of your life.

You may be eligible to receive disability benefits if you meet all of the following conditions:
   - You have not yet attained age 65.
   - You have a permanent and total disability that began before your termination.
   - You have been unable to work for medical reasons for six consecutive months. (A return to active employment for fewer than 10 regularly scheduled workdays will not interrupt this period.)
   - You have 10 or more years of vesting service under the Plan.

In addition to the above requirements, you generally must apply for disability retirement benefits within 365 days following the date your employment ended because of the disability. You may apply for disability benefits more than 365 days following the date your employment ended if your disability is because of a mental incapacity that a doctor determines prevented you from applying within the 365-day application period.

You become eligible to receive disability retirement benefits if the Social Security Administration determines you have been permanently and totally disabled. Your disability retirement benefits begin on the first of the month after the latest of one of the following events:
   - You have not worked for six months for medical reasons.
   - You have applied for disability retirement.
   - You have terminated your employment with Boeing.

Disability retirement payments consist of your accrued benefits. If you are single, your disability benefit will be paid as a single life annuity. If you are married, your disability benefit will be paid as a 100 percent surviving spouse option. (You also may elect to receive your disability benefit as a 50 or
75 percent surviving spouse option.) Even if your disability benefits begin before age 65, no early
retirement reduction factors will apply to your benefits. However, your disability benefit will be
reduced if you elect a 50, 75, or 100 percent surviving spouse option, taking into account your life
expectancy. (You may not receive your disability retirement benefit under the life and period certain
option or the accelerated income option. In addition, you will not be eligible for MERB or SMERB.)
While you are receiving disability retirement benefits, Boeing may ask you to provide proof that you
are receiving Social Security disability benefits. Your disability retirement benefits may be forfeited if
you do not submit the proof requested. You will receive monthly disability payments until the earliest
of the following:

• Your disability ceases to be permanent and total.
• You become gainfully employed (other than for the purposes of rehabilitation).
• You elect early retirement benefits.
• You fail to provide proof that you are receiving Social Security disability benefits.
• You attain age 65.

Once you attain age 65, your monthly disability benefit will be converted to a normal retirement
benefit. You will continue to be paid in accordance with the payment method you elected for your
disability retirement benefit.

If you return to work, you later become disabled from the same condition, and you have been
continuously disabled since you first became eligible for disability retirement benefits, you will receive
disability retirement benefits retroactive to the date they stopped. Your disability retirement benefits
will be reduced by any early retirement or deferred vested benefits paid to you. However, if you return
to work for Boeing after your disability ends and you subsequently terminate or retire, your retirement
benefits will be calculated as if no disability retirement benefits had been paid to you.

**Conditional Early Retirement**

If you are eligible to retire when your employment ends because of disability and have filed for Social
Security disability benefits, you may request conditional early retirement benefits, not including
MERB or SMERB, until your disability retirement benefits begin. You also may not elect the
accelerated income option or the life and period certain option forms of payment.

If you subsequently are determined to be permanently and totally disabled, your benefit will be
converted from an early retirement benefit to a disability retirement benefit, payable retroactive to the
date you first met the conditions for disability retirement. This means your benefit payments will no
longer be reduced based on your age. The total amount of conditional early retirement benefits paid to
you will be subtracted from the total amount of retroactive disability benefits due to you. The
difference will be paid to you in a lump-sum payment, and you will receive your monthly disability
benefit thereafter as long as you remain eligible. If your application for disability retirement benefits is
not approved, you will continue to receive early retirement benefits.

**If Your Disability Retirement Benefits End**

If you are eligible to elect early retirement because your disability retirement benefits end, your
application for early retirement benefits must be received within 60 days after the date of notice
informing you your disability retirement benefits will end. However, after you begin receiving your
eyearly retirement benefits, you will receive disability retirement benefits retroactive to the date they
stopped if both of the following apply to you:

• You subsequently become disabled from the same condition that caused your earlier disability.
• The Plan determines your disability has been continuous. In this case, the amount payable will be
reduced by the amount of early retirement benefits paid to you.

*Employee Retirement Income Plan Salaried Employees | 2003 Edition*
If your disability retirement benefits end after you reach age 55, but before you reach age 65, you may apply for a deferred vested benefit if either of the following applies to you:

- You were not eligible for early retirement benefits when you retired.
- You were eligible for, but did not elect, early retirement benefits within 60 days after receiving notice that your disability retirement benefits would end.

Deferred vested benefits begin on the first day of the month after your written application is received, but not before your disability retirement benefits end.

If you begin receiving deferred vested benefits and the Plan again determines you have been continuously disabled from the same conditions that caused the initial disability, you will receive disability retirement benefits. Your benefits will be retroactive to the date they stopped. The amount payable will be reduced by the amount of the deferred vested benefit paid to you. If your disability payments end before or after you attain age 55, but you do not elect early retirement or deferred vested benefits at that time, you will continue to be eligible for deferred vested benefits. See “If You Leave Before Retirement,” next.

**If You Leave Before Retirement**

If you stop working for Boeing before you become eligible to retire, but after you become vested, you may claim the vested benefits you have earned once you reach early retirement age (age 55) and before you reach normal retirement age (age 65). If you ended your employment on or after November 26, 2001, you may choose from the same payment options listed in “Benefit Payments,” beginning on this page. However, if you ended your employment before November 26, 2001, the payment options available to you may be different. Call the Boeing Pension Service Center for more information. The Boeing Pension Service Center must receive your completed Commencement Election form before your intended benefit commencement date.

You may claim vested benefits before normal retirement (age 65), but the benefits will be reduced according to the reductions shown in Exhibit 11, on page 26, to account for the longer time over which your Plan benefit may be paid. This reduction for deferred vested benefits is substantially greater than the reduction applied to benefits of active employees retiring from Boeing. (However, you may be eligible for a more favorable benefit reduction if your employment ends because of layoff and you begin receiving benefits within certain time periods following your layoff date. For more information, see “Retirement From Layoff Status,” beginning on page 29.) For more information about these benefit reductions, contact the Boeing Pension Service Center.

Because important information about the Plan and your vested benefits may be mailed to you from time to time, you must notify Boeing whenever your address changes, even if you are not yet receiving benefits.

**Benefit Payments**

The payment methods available under this Plan include

- A single life annuity.
- A 50, 75, or 100 percent surviving spouse option, if you are married.
- A life and period certain option.
- An accelerated income option.

If you do not choose a payment method, the Plan automatically will pay your benefit as a single life annuity if you are single or as a 50 percent surviving spouse option if you are married.

In general, you may not change the method of payment following your benefit commencement date.
Single Life Annuity

Under this payment method, you will receive a monthly benefit payment for the rest of your lifetime. No benefit payments are made after your death.

If you are married and want to elect this option, you must have your spouse’s written consent on your Commencement Election form and have it witnessed by a notary public.

If you elect this option and later marry (or remarry) after benefit payments have begun, you may change your form of payment from a single life annuity to one of the surviving spouse options. For more information, see “Postretirement Surviving Spouse Option,” beginning on this page.

50, 75, or 100 Percent Surviving Spouse Option

You must be married to choose the 50, 75, or 100 percent surviving spouse option, which also is known as a “joint and survivor annuity.” Under this payment method, you will receive a monthly benefit payment for the rest of your life. If you die before your spouse dies, your surviving spouse will receive a percentage of your monthly benefit for life. The percentage will be the amount you specified on the Commencement Election form: 50, 75, or 100 percent.

Because the Plan is paying a benefit over the lifetimes of two people, the initial monthly benefit amount is smaller than it would be if it were paid as a single life annuity, as shown in Exhibit 13, on this page. This reduction is in addition to any other type of reduction that may apply to your monthly benefit payment, such as an early retirement reduction.

In general, if your spouse dies before you do, the benefit will revert to the larger single life annuity for the rest of your life, beginning on the first day of the month after your spouse’s death. You will be required to furnish the Boeing Pension Service Center with a copy of your spouse’s death certificate for this payment adjustment to be made.

Postretirement Surviving Spouse Option

If you marry (or in some cases, remarry) after retirement, you may be able to change your payment method to a 50, 75, or 100 percent surviving spouse option with your new spouse as beneficiary. You must file your request within two years following the date of your marriage (or remarriage).
If your election is made

- In the first year following the date of your marriage (or remarriage), the election will be effective as of the first day of the month following your anniversary date.

- In the second year following the date of your marriage (or remarriage), the election will be effective as of the first day of the month following your election.

No election may be made after the second anniversary of your marriage. If you elect a postretirement surviving spouse option, your benefit generally will be reduced as described in “50, 75, or 100 Percent Surviving Spouse Option,” on page 33.

For example, if you get married on June 15, 2003, and you elect a postretirement surviving spouse option on July 1, 2003, your election will take effect on July 1, 2004 (the first of the month following your first anniversary). If you wait to elect this option until October 1, 2004, your election will be effective on November 1, 2004 (the first date of the month following your election).

If you die before your election takes effect, your spouse will not be eligible for the postretirement surviving spouse option.

**Life and Period Certain Option**

This form of payment guarantees a monthly pension for your entire life. In addition, if you die before benefits have been paid for the period certain you elect, your beneficiary will receive the same monthly benefit amount for the remainder of the period certain. For example, if you elect this option, choose a 10-year period certain, and die two years after your benefit payments begin, your beneficiary will receive the same monthly benefit amount for the remaining eight years of the guaranteed period.

To qualify for this form of payment, you must submit a certificate of health from a licensed physician (for example, an M.D. or D.O.) that states you do not have any illness or medical condition that would reduce your normal life expectancy. A certificate will not be required if you elect a period certain of 10 years or less. If you do not indicate a period certain on the Commencement Election form, the Plan automatically will pay your period certain benefits for 10 years.

Because of this arrangement, the monthly benefit amount is less than it would be if it were paid as a single life annuity. The amount of the benefit reduction depends on your age and the period certain you elect. Your period certain cannot exceed your life expectancy.

You can name any beneficiary you choose. If you are married and want to elect this option, you must have your spouse’s written consent on your Commencement Election form and have it witnessed by a notary public. If your beneficiary dies before the end of the period certain, you may name another beneficiary. If your beneficiary dies while receiving payments, the remaining payments will be made to his or her named beneficiary. If your beneficiary dies before you and you do not name a new beneficiary, your remaining benefits will be paid to a beneficiary determined by the Plan. See page 35.

This payment option is not available for disability retirements or conditional early retirements.

**Accelerated Income Option**

If you retire or otherwise terminate employment on or after November 26, 2001, and you choose to retire before age 62 and two months, you may elect the accelerated income option. You may elect this option along with a single life annuity, life and period certain option, or one of the surviving spouse options. If you are married and want to elect this option, you must have your spouse’s written consent on your Commencement Election form and have it witnessed by a notary public.

The accelerated income option allows you to collect a larger than normal portion of your pension benefit up to age 62 and two months and a smaller benefit afterward. Your single life annuity is reduced to pay for this option. For most employees who elect this option, the temporary supplement is $700 per month and is offered until age 62 and two months. If your benefit is not large enough to pay for the $700 temporary supplement, you will receive a smaller temporary supplement, and you no longer will receive any retirement benefits after age 62 and two months.
If you are married, elect a surviving spouse annuity, and die before reaching age 62 and two months, a percentage of the temporary supplement will be paid to your spouse until the date you would have reached age 62 and two months. Your spouse will receive the same percentage that applies to the joint and survivor annuity you elected.

When you reach age 62 and two months (or would have reached age 62 and two months), the temporary supplement will end and your benefit will be reduced. This reduced benefit will be payable for life. If you are married, elect a surviving spouse option, and die before your spouse, benefits will continue to your spouse.

If you elect the accelerated income option and life and period certain option and then die before age 62 and two months, your beneficiary will continue to receive the temporary supplement until the earlier of when you would have been age 62 and two months or the end of the period certain you elected. If the period certain extends beyond the date you would have reached age 62 and two months, your beneficiary will receive the reduced amount for the balance of the period certain.

This payment option is not available if any of the following apply to you:

• You are retiring with MERB.
• You are retiring with SMERB.
• You are electing a disability retirement or conditional early retirement.

**Spousal Consent**

If you are married and choose any payment option other than the 50, 75, or 100 percent surviving spouse option, you must have your spouse’s written, notarized consent.

You must have your spouse’s written, notarized consent on your Commencement Election form to elect the following options:

• Single life annuity.
• Life and period certain option.
• Accelerated income option.

**Beneficiary Designations**

If you are married, your spouse automatically is your beneficiary. If you want to designate someone other than your spouse as your beneficiary, you must have your spouse’s written consent. Your spouse must sign the spousal consent section of the Commencement Election form and have his or her signature witnessed by a notary public. If you are single, you may designate anyone as your beneficiary.

If you do not have a surviving spouse or you do not designate a beneficiary, the Plan will pay your preretirement surviving spouse benefits or any remaining period certain benefits under the life and period certain option to a beneficiary determined in the following priority:

• To your beneficiary named under the Company’s Basic Life Insurance Plan.
• To your child(ren) on a per stirpes basis.
• To your parent(s).
• To your brother(s) and sister(s).
• To the qualified personal representative(s) of your estate.

If your death occurs on or after July 1, 2003, your benefits will be paid to a beneficiary in the following priority:

• To your surviving spouse.
• To your estate.
Payment of Small Benefits
If the total present value of your benefit is less than $5,000 when you are eligible to receive it, the Plan automatically will pay you a lump sum. You may elect to roll over this lump-sum payment. See “Direct Rollovers,” next, for details.

Direct Rollovers
You, your surviving spouse, or a former spouse under a qualified domestic relations order may roll over all or a portion of the following benefits into an eligible retirement plan:

- A lump-sum payment for small benefits.
- A lump-sum payment for preretirement survivor benefits for the portion of your benefit earned before November 28, 1988.
- Equal payments over a period of fewer than 10 years.

In general, eligible retirement plans include individual retirement arrangements (IRA), individual retirement annuities, qualified trusts, and annuity plans. However, your surviving spouse only can make a rollover into an IRA or individual retirement annuity. For more information about direct rollovers, call the Boeing Pension Service Center.

Qualified Domestic Relations Order
Federal law protects your benefits under the Plan from assignment and transfer to others. However, the Retirement Equity Act of 1984 specifically provides that this protection does not apply to a qualified domestic relations order (QDRO). A QDRO is a judgment, decree, or order that relates to divorce decrees, property settlements, and child support orders. If a court order of this type is received, you will be advised in writing.

For additional information regarding QDROs, please contact the Boeing Pension Service Center by calling Boeing TotalAccess and selecting “pension” from the menu. You may obtain a copy of the Plan’s general procedures governing QDROs without charge by contacting the Employee Benefit Plans Committee at The Boeing Company, 100 North Riverside, MC 5002-8421, Chicago, IL 60606-1596.

Preretirement Survivor Benefits
If you are vested and you die before your benefit payments begin, your surviving spouse may be eligible for a lifetime benefit under the Plan. The amount payable to your spouse will be based on a number of elements, including your age at death, whether you are an active or vested former employee, and your years of vesting service earned under the Plan when you die.

In some cases, you may designate someone other than your spouse to receive survivor benefits. However, you must have your spouse’s written, notarized consent. Your spouse or beneficiary must provide copies of your birth, marriage, and death certificates to the Boeing Pension Service Center to claim a survivor benefit.

If You Die While Employed by Boeing
If you die while working for Boeing, the preretirement survivor benefits your spouse is eligible to receive will be determined based on your years of vesting service.

Your surviving spouse’s benefit is calculated assuming you elected a 50 percent surviving spouse option or is based on the following formula: 0.00825 x average monthly salary x years of benefit service. However, if you elected a 75 percent or 100 percent surviving spouse option and you die before receiving benefits, the Plan will pay the greater benefit to your spouse.

Your spouse or beneficiary must provide copies of your birth, marriage, and death certificates to the Boeing Pension Service Center to claim a survivor benefit.
If You Die Before Age 65 and Earned 5 But Fewer Than 10 Years of Vesting Service

If you die before age 65 after earning 5 but fewer than 10 years of vesting service, your surviving spouse’s benefits will be calculated as a qualified preretirement survivor annuity assuming all of the following applied to you:

- You ended your employment with Boeing as of your date of death.
- You elected to receive a 50 percent surviving spouse option.
- You died before benefit payments began.
- Your deferred vested benefits were scheduled to begin on the later of the first day of the month after your death or the date you would have become age 55.

This means that your surviving spouse’s benefits will be reduced by deferred vested benefit early retirement reduction factors that apply to vested former employees, as shown in Exhibit 11 on page 26. Benefits will become payable to your surviving spouse at the later of when you would have reached age 55 or the first of the month following your death. Payments beginning before you would have reached age 65 will be reduced to reflect the longer payment period. Your surviving spouse may elect to defer payments until a later date, though not later than the first day of the month following the month you would have reached age 65. Benefits will be paid for your surviving spouse’s lifetime.

### Preretirement Survivor Benefit Example

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly accrued benefits as of date of death</td>
<td>$500</td>
</tr>
<tr>
<td>Age 60 reduction factor (see Exhibit 11, on page 26)</td>
<td>( \times 0.402 )</td>
</tr>
<tr>
<td>Reduced monthly benefit</td>
<td>$201</td>
</tr>
<tr>
<td>50 percent surviving spouse option factor</td>
<td>( \times 0.900 )</td>
</tr>
<tr>
<td>Benefit payable to survivor</td>
<td>$181</td>
</tr>
<tr>
<td>50 percent surviving spouse annuity</td>
<td>( \times 0.50 )</td>
</tr>
<tr>
<td>Benefit payable to survivor (when employee would have reached age 55)</td>
<td>$90</td>
</tr>
</tbody>
</table>

If You Die Before Age 65 and Earned at Least 10 Years of Vesting Service or You Die After Age 65

Note: These provisions also apply to employees who are at least age 55 with 10 or more years of vesting service at termination, and who die before their benefits commence.

If you die before age 65 and have earned at least 10 years of vesting service or after age 65 with one year of vesting service, your surviving spouse’s benefits will be calculated using the following formula:

\[
0.00825 \times \text{average monthly salary} \times \text{benefit service}
\]

Your surviving spouse’s benefit will be effective on the first of the month after your death and will continue for your spouse’s lifetime. He or she may elect to receive benefits immediately or defer benefits to a later date. If you earned part of your benefit before November 28, 1988, your surviving spouse may elect to receive that portion of your benefit in a lump-sum payment before he or she starts receiving benefits. The amount of the lump-sum payment will be the actuarial value of the benefit accrued prior to November 27, 1988. This amount is adjusted if your surviving spouse is more than 10 years younger than you. The Plan will pay this lump-sum benefit within 90 days of the election.
For benefits you earned after November 27, 1988, your surviving spouse will receive monthly benefits. These benefits will be determined by subtracting any benefit payments received before November 27, 1988, from your total benefit calculated using the formula above. In addition, benefits will be further reduced if your spouse is at least 10 years younger than you. Your surviving spouse will begin receiving monthly benefits on the first day of the month after your death and will continue for your surviving spouse’s lifetime.

### Preretirement Survivor Benefit Example

This example assumes that you have 25 years of benefit service, you have an average monthly salary of $4,350.30, and you die at age 55. Your surviving spouse’s benefit would be determined as follows:

\[
0.00825 \times $4,350.30 \times 25 = \$897.25
\]

### If You Named a Beneficiary Other Than Your Spouse

If you are eligible for survivor benefits, the Plan may pay a benefit to your beneficiary in the event of your death. If you are married and want to elect a different beneficiary, you must have your spouse’s written consent. Your spouse must sign the spousal consent section of the Commencement Election form and have his or her signature witnessed by a notary public.

Your surviving beneficiary benefit will be paid in a lump sum. The amount of the lump-sum payment will be the actuarial value of the monthly benefit based on your age at the time of death using the following formula: 0.00825 x average monthly salary x years of benefit service. If you do not have a surviving spouse or you do not designate a beneficiary, your survivor benefit will be paid under the terms of the Plan. See “Beneficiary Designations,” on page 35.

### If You Die After Terminating Your Employment

If you die before age 65 after earning at least five years of vesting service, your surviving spouse’s benefits will be calculated as a qualified preretirement survivor annuity assuming all of the following applied to you:

- You ended your employment with Boeing before your date of death.
- You survived to your earliest retirement age and elected to begin benefits.
- You elected to receive a 50 percent surviving spouse option.
- You died before benefit payments began.
- Your deferred vested benefits were scheduled to begin on the later of the first day of the month after your death or the date you would have become age 55.

This means that your surviving spouse’s benefits will be reduced by the deferred vested benefit early retirement reduction factors that apply to vested former employees, as shown in Exhibit 11, on page 26. Benefits will become payable to your surviving spouse at the later of when you would have reached age 55 or the first of the month following your death. Payments beginning before you would have reached age 65 will be reduced to reflect the longer payment period. Your surviving spouse may elect to defer payments until a later date, though not later than the first day of the month following the month you would have reached age 65. Benefits will be paid for your surviving spouse’s lifetime.
If you elected to start receiving a 75 percent or 100 percent surviving spouse option and die before the first monthly benefit is payable, the plan will pay the 75 percent (or, as applicable, the 100 percent) survivor annuity to your spouse.

**If You Die After a Layoff or Divestiture and Before Receiving Retirement Benefits**

If you die after your employment with the Company terminated as a result of a layoff or certain divestitures, your surviving spouse will be eligible for a special qualified preretirement survivor annuity if both of the following applied to you:

- You were at least age 50, but not yet 55, with 10 or more years of vesting service, or you were under age 50, but the sum of your age and vesting service totals 75 or more.
- You died before your benefit payments began.

Your surviving spouse’s benefits will be calculated as though you had survived and elected to begin receiving an early retirement benefit payable as a 50 percent survivor annuity at the earliest date you could have retired or your date of death, whichever is later.

Benefits are payable to your surviving spouse on the first of the month after the date you would have attained age 55, or the date of your death if you were age 55 or older on the date of your death. Your surviving spouse may elect to defer benefits until a later date. If your surviving spouse does not begin receiving benefits at the end of that period, the survivor benefit will be recalculated using the early retirement reduction and form of benefit adjustment that is applicable when benefits begin.

If you die after your employment with the Company terminated as a result of a layoff, your spouse’s benefits will be calculated and payable as described under “If You Die Before Age 65 and Earned at Least 10 Years of Vesting Service or You Die After Age 65,” beginning on page 37, provided all of the following apply:

- You were at least age 55 at layoff.
- You completed at least 10 years of vesting service.
- You die within five years of your layoff date.

**Circumstances That May Affect Your Benefits**

Under certain conditions, you may not receive pension benefits, or you may receive smaller payments than you expected. Here are some examples of such cases:

- If you do not meet the eligibility requirements of the Plan, you will not earn benefits.
- If your employment terminates before you are vested, no benefits will be payable.
• If you do not use the designated forms from the Boeing Pension Service Center or do not complete them in a timely manner, benefits could be postponed.
• If you do not meet retirement age requirements, no vested benefits will be payable until you do.
• If you experience a layoff or your employment terminates, your benefits could be affected.
• If you receive benefits as a single life annuity, benefits will stop when you die.
• If you (or your beneficiary) fail to make a timely appeal of denied benefits, no benefits will be payable.
• If you are subject to a qualified domestic relations order, a portion of your benefit could be paid to an alternate payee.
• If you are not eligible for a particular benefit because you retired before that benefit became effective, or because you are a vested terminated participant, that benefit will not be payable.
• If your employment ends, and you do not return to work, or you are rehired after a break in service but do not meet the necessary requirements for restoration of service, benefits in which you are not vested will not be payable.
• If the Plan terminates, your benefits will be guaranteed by the Pension Benefit Guaranty Corporation (PBGC) up to certain limits. If your Plan benefit exceeds PBGC limits, you may not receive the entire benefit you have earned. The Company does not guarantee any of the benefits payable under the Plan.

If you have any questions concerning your application or would like additional information, please call the Boeing Pension Service Center by calling Boeing TotalAccess and selecting “pension” from the menu. In addition, if you have an issue regarding your benefit or your right to receive a benefit under the Plan, this often can be resolved by calling the Boeing Pension Service Center and discussing the situation with a representative. If the issue is not resolved through an informal process, you may file a formal claim.

Claim and Appeal Procedure

The Plan has established the following procedures for initiating a formal claim and appeal of denied benefits under the Plan. Copies of the claim and appeal procedures for the Plan are available by sending a written request to the Employee Benefit Plans Committee at The Boeing Company, 100 North Riverside, MC 5002-8421, Chicago, IL 60606-1596.

A formal claim for benefits should be sent to Boeing Pension Operations at The Boeing Company, P.O. Box 3707, MC 11-59, Seattle, WA 98124-2207. Boeing Pension Operations will respond in writing within 90 days of receiving the claim. If special circumstances require more time, the review period may be extended up to an additional 90 days. You will be notified in writing of this extension. If your claim is denied, you will be notified in writing, given the specific reasons for denial, and advised of your appeal rights.

You or a person you appoint may appeal a denial of benefits by writing to the Employee Benefit Plans Committee at The Boeing Company, 100 North Riverside, MC 5002-8421, Chicago, IL 60606-1596, within 60 days of receiving notice of the denial or partial denial of Plan benefits. You must indicate the reason for your appeal and may include any information or documents that you believe are relevant to the claim.

The Committee will review your appeal, render a decision, and notify you of its decision within 60 days of receipt of your appeal. If special circumstances require more time, the review period may be extended up to an additional 60 days. You will be notified in writing of this extension. It is the Committee’s exclusive right to interpret the terms of the Plan, to resolve eligibility for benefits, and, exercising its discretion, to resolve all questions arising under the Plan. The decision of the Committee is final and binding.
If you have not received notification within the time periods described above, you should consider your claim denied and proceed to the next step of the appeal process.

**Plan Amendment or Termination**

The Company intends to continue the Plan indefinitely. However, the Company may, at its sole discretion, change, modify, amend, or terminate the Plan at any time, subject to the provisions of any collective bargaining agreement. The McDonnell Douglas Corporation Board of Directors has delegated the right to change, modify, and amend the Plan to the Employee Benefit Plans Committee, which is appointed by The Boeing Company Board of Directors. If the Plan is terminated, you will have a vested, nonforfeitable right to the benefit you have earned. The amount of your benefit, if any, will depend on Plan assets, the terms of the Plan, and the benefit guarantee of the Pension Benefit Guaranty Corporation (PBGC), a Federal insurance agency.

Plan assets will be shared among Plan participants and beneficiaries according to Federal regulations under the Employee Retirement Income Security Act of 1974 (ERISA), as amended, in the following order:

1. Certain annuities (to the extent guaranteed by the PBGC) that participants have been receiving or could have been receiving for at least five years prior to Plan termination.
2. Other vested benefits (to the extent guaranteed by the PBGC) for participants and beneficiaries not included above who have benefits guaranteed under the Plan by the PBGC.
3. Other vested benefits (to the extent not provided for above) for all participants and beneficiaries who have met the vesting requirements.
4. All other benefits that have not been provided for above.

Your pension benefits under the Plan are insured by the PBGC. If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits. The PBGC guarantee generally covers

- Normal and early retirement benefits.
- Disability benefits if you become disabled before the Plan terminates.
- Certain benefits for your survivors.

The PBGC guarantee generally does not cover

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates.
- Some or all benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates.
- Benefits that are not vested because you have not worked long enough for the Company.
- Benefits for which you have not met all of the requirements at the time the Plan terminates.
- Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan’s normal retirement age.
- Nonpension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your Plan has and how much the PBGC collects from employers.
For more information about the PBGC and the benefits it guarantees, ask the Plan Administrator or contact the PBGC Technical Assistance Division, 1200 K Street NW, Suite 930, Washington, DC 20005-4026, or call 202-326-4000 (hearing impaired at 1-800-877-8339 and ask to be connected to 202-326-4000). Additional information about the PBGC pension insurance program is available through the PBGC web site (http://www.pbgc.gov).

**Employing Companies**

The status of any company as an employing company is subject to change. The authority to designate or remove companies as employing companies under the Plan has been delegated by McDonnell Douglas Corporation to the Employee Benefit Plans Committee, appointed by The Boeing Company Board of Directors.

**Special Disclosure Information**

This summary plan description describes the features of the Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan.

**Plan Name**

The Plan is commonly referred to as the “Salaried Plan.” The official name is the Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan.

**Plan Sponsor**

The Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan is sponsored by McDonnell Douglas Corporation, a wholly owned subsidiary of The Boeing Company. The mailing address for the Plan Sponsor is 100 North Riverside, MC 5002-8421, Chicago, IL 60606-1596.

**Plan Administrator and Agent for Service of Legal Process; Limitations on Actions**

The Plan Administrator is the Employee Benefit Plans Committee of The Boeing Company, which may be contacted at the address above or by calling 312-544-2297. Legal process may be served upon the Committee at the above address or upon the Plan Trustee at the address listed in “Plan Trustee,” on this page. If you would like to commence a lawsuit against the Plan with respect to a denied benefit, you must do so within two years of the time that you made your initial claim for benefits; otherwise, any such lawsuit will be considered untimely.

**Type of Administration**

The Plan is administered in accordance with the provisions of the official Plan document, collective bargaining agreements, and the master trust agreement.

**Type of Plan**

The Plan is a defined benefit pension plan.

**Funding and Contributions**

The Plan Sponsor funds the entire cost of the Plan by contributing actuarially determined amounts into a master trust, from which benefits are paid. No employee contributions are required or permitted.

**Top-Heavy Plan Provisions**

Federal regulations require that the Plan include provisions that would take effect in the event the Plan was ever to become top heavy. The Plan will be considered top heavy if a large percentage of benefits have accrued in favor of key employees. The Company does not expect this Plan to become top heavy.
Plan Records
Effective January 1, 2002, Plan records are kept on a calendar-year basis (January 1 through December 31). Before January 1, 2002, a Plan year was the period commencing on the Monday following the last Sunday in November, and ending with the last Sunday of the following November. There was a short Plan year for the period commencing November 26, 2001, to December 31, 2001.

Plan Number and Employer Identification Number
The Plan number is 001. The employer identification number for Plan reporting purposes is 43-0400674.

Plan Trustee
The Plan Trustee is JP Morgan Chase Bank, Master Custody Department, Chase MetroTech Center, Brooklyn, NY 11245.

Participant Rights and Protections Under ERISA
The Employee Retirement Income Security Act of 1974 (ERISA), as amended, guarantees certain rights and protections to participants of pension plans such as the Plan described in this booklet. ERISA provides that all Plan participants will be entitled to:

Receive Information About Your Plan and Benefits
• You may examine, without charge, at the Plan Administrator’s office and at other specified locations, such as work sites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
• If you want a personal copy of these documents or related material, send a written request to the Plan Administrator. You can obtain copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, copies of the latest annual report (Form 5500 Series), and an updated summary plan description. You will be charged a reasonable cost.
• You may receive a summary of the Plan’s annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
• You may obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and, if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide this statement free of charge.

Prudent Actions by Plan Fiduciaries
In addition to creating rights for Plan participants, ERISA imposes duties upon the people responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights
If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.
Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

**Assistance With Your Questions**

If you have any questions about your Plan, contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hot line of the Employee Benefits Security Administration at 1-800-998-7542.

**Exhibit 14**

**Where to Get Information**

**Boeing TotalAccess**

Telephone*: Seven days a week, 24 hours a day**

1-866-473-2016
1-800-755-6363 (hearing impaired)

Representatives Monday through Friday available:
8 a.m. to 9 p.m. Eastern time 6 a.m. to 7 p.m. Mountain time
7 a.m. to 8 p.m. Central time 5 a.m. to 6 p.m. Pacific time

For general information: Call Boeing TotalAccess at the telephone number listed above and select “pension” from the menu.

**Boeing Pension Service Center**

Telephone: Call Boeing TotalAccess at the telephone number listed above and select “pension” from the menu.

Representatives Monday through Friday available:
9 a.m. to 8 p.m. Eastern time 7 a.m. to 6 p.m. Mountain time
8 a.m. to 7 p.m. Central time 6 a.m. to 5 p.m. Pacific time

Mailing address: P.O. Box 4829
Chesapeake, VA 23327-4829

Fax: 856-770-3437

* Social Security number or BEMS ID number and Boeing TotalAccess PIN required to receive information about your plan benefit
** Subject to minimum scheduled maintenance or downtime
April 2005

Salaried Plan to Recognize Certain Compensation Paid to Boeing Employees

You are receiving this Update because you have a prior benefit in the Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan (the “Plan”). Your pension benefit may increase as a result of a resolution that recently was approved by The Boeing Company Employee Benefit Plans Committee (the “Committee”).

This Update is for your information only; no action on your part is required.

Certain Postmerger Compensation Will Be Recognized

This resolution approved a change to the Plan that allows for the recognition of postmerger compensation paid by The Boeing Company, its affiliates, and its subsidiaries. Postmerger compensation is defined as base pay you earned on or after January 1, 1999. This change will apply to you if

- You terminated from active employment on or after December 1, 2004, and your benefit commencement date is January 1, 2005.
- You were laid off on or after January 1, 2000, your benefit commencement date is on or after January 1, 2005, and you
  - Were eligible to retire on your layoff date,
  - Were at least age 50 with 10 years of service, or
  - Had 75 points at the time of the layoff.
- You terminated employment on or after January 1, 2005, with at least five years of service, and your benefit commencement date is after January 1, 2005.

The base pay you earned while working for The Boeing Company, its affiliates, and its subsidiaries on or after January 1, 1999, will be used to determine your average monthly salary under the Plan. Base pay that you earned before January 1, 1999, will not be recognized under the Plan.

Although the Company is still working out the details, this change likely will be reflected in monthly pension benefits that are paid beginning on July 1, 2005. If you elect to commence your pension benefit on or after January 1, 2005, but before July 1, 2005, you also will receive a one-time retroactive payment equal to the increased amount for any payments you receive before July 1, 2005.

The Plan will be amended in early 2005 to reflect the change approved by the Committee. At that time, you will receive more information about the change. In the event of a conflict between this Update and the Plan amendment, the Plan amendment will control.
Merger of MDC—Salaried Plan to Pension Value Plan

Certain Former Employees With a Benefit in the MDC—Salaried Plan

This Update describes a change in the Plan from which you have earned a pension benefit. Your benefit is not changing.

As a former employee with a benefit in the Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan (MDCS), your benefit was merged into The Pension Value Plan for Employees of The Boeing Company (PVP) effective December 31, 2007. The Employee Benefit Plans Committee approved an amendment to the MDCS to provide for this merger.

This Update is for your information and is being provided to you as required by Federal law. No action on your part is required.

A Pension Value Plan booklet will be mailed to you later this year.

Your Plan Benefit

There is no change to your Plan benefit. The Plan benefits you have earned will remain unchanged. All plan provisions you had under the MDCS are protected under the PVP as a heritage MDCS benefit. When you elect to commence your MDCS benefit under PVP, you will have the same options and benefit you would have had under the MDCS.

The Hourly East or Hourly West benefit previously transferred from the Employee Retirement Income Plan of McDonnell Douglas Corporation—Hourly East or from the Employee Retirement Income Plan of McDonnell Douglas Corporation—Hourly West to the MDCS will continue to receive all the benefits, rights, and features of the Hourly West or Hourly East plan after transfer to the PVP.

Disability Retirement

This section only applies to former MDCS participants who had a benefit that merged into the PVP on December 31, 2007.

You may be eligible for disability retirement benefits under the PVP if you satisfy the conditions for disability retirement before July 1, 2008. To be eligible, the following requirements must be met:

- You are under age 65 and have 10 or more years of vesting service, and
- You incurred a permanent and total disability before your termination from The Boeing Company that has been continuous for at least six months, and
- You apply for disability retirement (or early retirement pending disability) no later than 365 days after your termination of employment from The Boeing Company and before June 30, 2008, and
- You were determined by the Social Security Administration to have been disabled before you ended your employment, as indicated on a Social Security Award Certificate for disability benefits under the Social Security Act.
- You commence your disability retirement on or before July 1, 2008.

Note: If you have not been permanently and totally disabled for at least six months before July 1, 2008, you will not be eligible for disability retirement.
For More Information
Contact the Boeing Pension Service Center through Boeing TotalAccess.

By telephone: Call 1-866-473-2016. TTY/TDD services are available at 1-800-755-6363. You must have your BEMS ID number (or Social Security number) and your Boeing TotalAccess password. Customer service representatives generally are available during regular business hours.

Plan Amendment Information
This Update is a summary of material modifications to your summary plan description for the following Company benefit plans:

- Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan (M001)
- Pension Value Plan for Employees of The Boeing Company (M029)

This document is provided to you in accordance with the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Every effort has been made to provide accurate information in this Update. In the event of a conflict between the official plan documents and this Update, the official plan documents, as amended, will control. Copies of the summary plan descriptions may be obtained by contacting the Boeing Pension Service Center through Boeing TotalAccess.

Although the Company fully intends to continue the Plans described here, the Company reserves the right to change, modify, amend, or terminate them at any time and for any reason for employees, former employees, retirees, and their dependents or beneficiaries.
Merger of MDC—Salaried Plan to Pension Value Plan

Certain Employees and Former Employees With a Benefit in the MDC—Salaried Plan

As a current employee, or former employee laid off on or after December 31, 2002, with a prior SCPEA (Southern California Professional Engineering Association) and/or Hourly East or Hourly West benefit in the Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan (MDCS), your benefits were merged into The Pension Value Plan for Employees of The Boeing Company (PVP) effective December 31, 2007. This means you no longer accrue benefits under the MDCS. The Employee Benefit Plans Committee approved an amendment to the MDCS to provide for this merger.

This Update is for your information and is being provided to you as required by Federal law. No action on your part is required.

A Pension Value Plan booklet will be mailed to you later this year.

Your Plan Benefit

The MDCS benefit that you have earned was merged into the PVP effective December 31, 2007, and is preserved under the PVP as a heritage MDC benefit. Under PVP, if you are an active employee, your MDC heritage benefit will increase with any base pay increases (indexing) after January 1, 2008. If you are a former employee laid off after December 31, 2002, you will receive PVP plan improvements, if any, up to six years after your layoff date. Improvements would include any increases to the PVP minimum benefit.

If you were an active salaried nonunion employee on or after February 21, 2003, and your heritage MDC benefit was previously “deemed” to transfer to the PVP, your benefit transfer date will continue to be deemed January 31, 2004, or the date you rehired or transferred into the PVP, if later. Your heritage MDC benefit will be indexed with any pay increases as of your deemed transfer date. In addition, when you commence your PVP benefit, there no longer will be an offset of your MDCS benefit because assets associated with your benefit have now transferred to the PVP.

This means your MDC heritage benefit will no longer increase based on your average monthly salary. Instead, under the PVP, any increases to your MDC heritage benefit will correspond with any increases in your base pay after December 31, 2007.

The Hourly East or Hourly West benefit previously transferred from the Employee Retirement Income Plan of McDonnell Douglas Corporation—Hourly East or from the Employee Retirement Income Plan of McDonnell Douglas Corporation—Hourly West to the MDCS will continue to receive all the benefits, rights, and features of the Hourly West or Hourly East plan after transfer to the PVP.

When you commence your PVP benefit, you will receive the larger of the MDC heritage benefit moved to the PVP, plus any increases to the MDC heritage benefit, plus any Hourly East or Hourly West benefit, plus any credit-based PVP benefit you earn as an eligible participant in the PVP; or the minimum PVP benefit (currently $70 per year of service).
Disability Retirement

This section only applies to former MDCS participants who had a benefit that merged into the PVP on December 31, 2007.

You may be eligible for disability retirement benefits under the PVP if you satisfy the conditions for disability retirement before July 1, 2008. To be eligible, the following requirements must be met:

- You are under age 65 and have 10 or more years of vesting service, and
- You incurred a permanent and total disability before your termination from The Boeing Company that has been continuous for at least six months, and
- You apply for disability retirement (or early retirement pending disability) no later than 365 days after your termination of employment from The Boeing Company and before June 30, 2008, and
- You were determined by the Social Security Administration to have been disabled before you ended your employment, as indicated on a Social Security Award Certificate for disability benefits under the Social Security Act.
- You commence your disability retirement on or before July 1, 2008.

Note: If you have not been permanently and totally disabled for at least six months before July 1, 2008, you will not be eligible for disability retirement.

For More Information

Contact the Boeing Pension Service Center through Boeing TotalAccess.

By telephone: Call 1-866-473-2016. TTY/TDD services are available at 1-800-755-6363. You must have your BEMS ID number (or Social Security number) and your Boeing TotalAccess password. Customer service representatives generally are available during regular business hours.

Plan Amendment Information

This Update is summary of material modifications to your summary plan description for the following Company benefit plans:

- Employee Retirement Income Plan of McDonnell Douglas Corporation—Salaried Plan (M001)
- The Pension Value Plan for Employees of The Boeing Company (M029)

This document is provided to you in accordance with the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Every effort has been made to provide accurate information in this Update. In the event of a conflict between the official plan documents and this Update, the official plan documents, as amended, will control. Copies of the summary plan descriptions may be obtained by contacting the Boeing Pension Service Center through Boeing TotalAccess.

Although the Company fully intends to continue the Plans described here, the Company reserves the right to change, modify, amend, or terminate them at any time and for any reason for employees, former employees, retirees, and their dependents or beneficiaries.