

You could get your Share

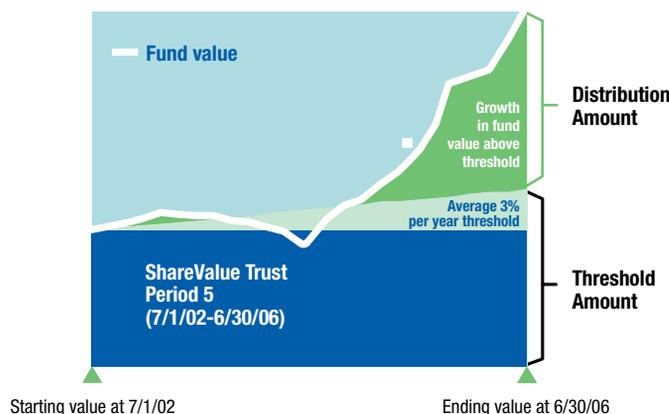
How the ShareValue Trust program works—and why you could be in line to benefit from it

Period 5 for ShareValue Trust—Boeing’s long-term employee incentive plan—ended June 30. Achieving productivity and growth targets plays a key role in establishing the basis for the Boeing stock price. A stock price over the period threshold results in a stock payout. At press time, the Boeing stock price was above the threshold for a distribution, which would occur the first week of August.

How does ShareValue Trust work? Here’s a quick Q&A.

Q: How do I know if I’m going to get a payout?

A: The ShareValue Trust fund features seven overlapping four-year investment periods (see chart below). Each period is four years long (with the exception of the first period, which was two years). Every two years, one period ends and another begins. Period 5



Will employees get a payout from the ShareValue Trust?
Yes, if the SVT fund’s value—shown by the white line (which is based on the price of Boeing stock)—tops the threshold (black bracket). The total amount of the fund to be distributed is represented by the dark green space, which stands for the difference between the threshold and the actual size of the fund.

ended June 30; currently we’re in Period 6—which ends June 30, 2008—and Period 7, which started July 1 and ends June 30, 2010.

Distributions take place at the end of each investment period—but only if the fund has exceeded the threshold.

Q: What’s the threshold?

A: At the end of an investment period, the fund needs to be above a stated minimum value, known as the threshold, for participants to receive a distribution. The value of the fund that exceeds the thresh-

old is distributed to U.S.-based employees in the form of stock (non-U.S. employees receive cash). For Period 5 to pay out, the Boeing stock price needed to be at least \$47 on June 30, Period 5’s ending date. As of June 26, the stock price—calculated as the average of the day’s high and low New York Stock Exchange prices—was \$83.54.

To give Boeing employees an incentive to continue supporting company growth and productivity, the threshold increases each year. The threshold for Period 6, which ends June 30, 2008, is \$54.

Q: Where did the SVT fund come from?

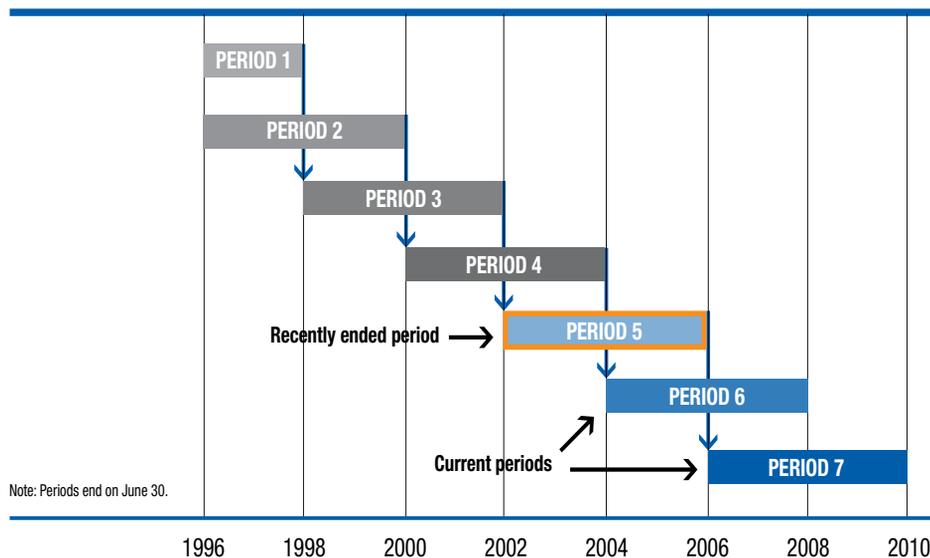
A: In 1996, Boeing established a 14-year fund with more than \$1 billion invested in Boeing stock. This fund was set up to increase employee focus on increasing shareholder value over the long term. The company has added \$700 million to the fund to account for people joining the company through acquisitions. The size of the fund can change when share prices change or when the company reinvests dividends.

Q: How’s the distribution calculated?

A: That’s determined by how much the fund has grown above the threshold value by the end of an investment period. The total distribution is divided among all eligible current and former employees, based on their months of participation during the four-year investment period. ■

For more information, visit www.boeing.com/share.

ShareValue Trust’s overlapping investment periods



This chart shows how the seven ShareValue Trust investment periods overlap.

Making a difference

All Boeing employees play an important role in improving shareholder value and contributing to the four companywide growth and productivity initiatives. Here's how some Boeing employees said their everyday work makes a difference.

My daily life is centered around continuous improvement and Lean. As manager of Industrial Engineering, my group is responsible for developing new processes—or improving existing processes—and deploying them consistently across all assembly programs in Production Operations, working with various other organizations.

For example, we are in the process of developing and deploying the Tool Module Inventory System. The system lets the operators manage their toolboxes themselves and order new tools or replacements as needed. After the tool is requested, instead of an operator waiting at the Tool Crib window, the tool is delivered to the operator—which takes non-value-added time out of the manufacturing process. We also share best practices across all the Boeing manufacturing sites through the Industrial Engineering Process Action Team.

—Chandler Varma
Manager, Industrial Engineering
St. Louis

Over the past few years, Lean initiatives have really become a “we” activity. At first, people were resistant to change. But once everyone saw how huge the improvements were, they really embraced the new processes. As a result, we've accomplished a lot, such as simplifying ordering methods and working with suppliers to reduce inventory on hand. We've reduced our inventory \$2.24 million in flow days 1 and 2. And we have several teams committed to ongoing Lean initiatives and working toward meeting even higher goals.

—Brad Metzger
Supervisor, Materials Management
Renton, Wash.

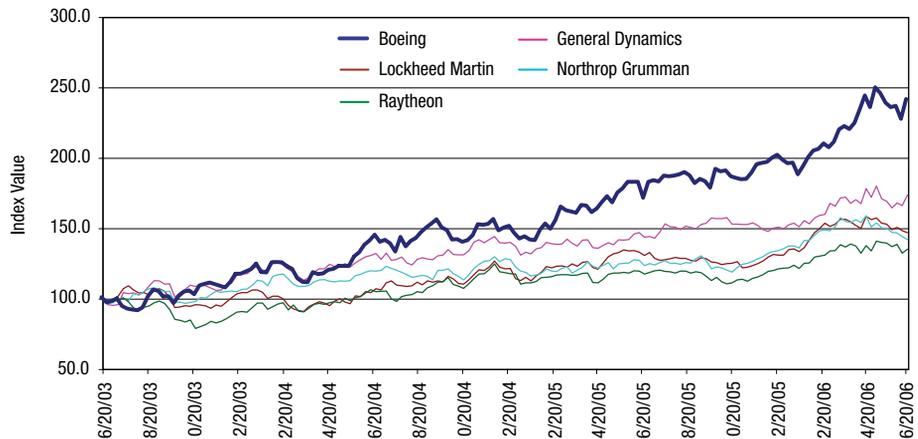
Every day, I work on finding ways to connect Boeing and our employees to the communities where we live and work. Between monetary donations and volunteer hours, Boeing's efforts in the community really make a difference. I think when our employees see the good the company's doing, it makes them proud to work here. And, when employees have pride in the company, they tend to be more productive—which adds to shareholder value.

—Karin Leslie
Community investor
Seattle

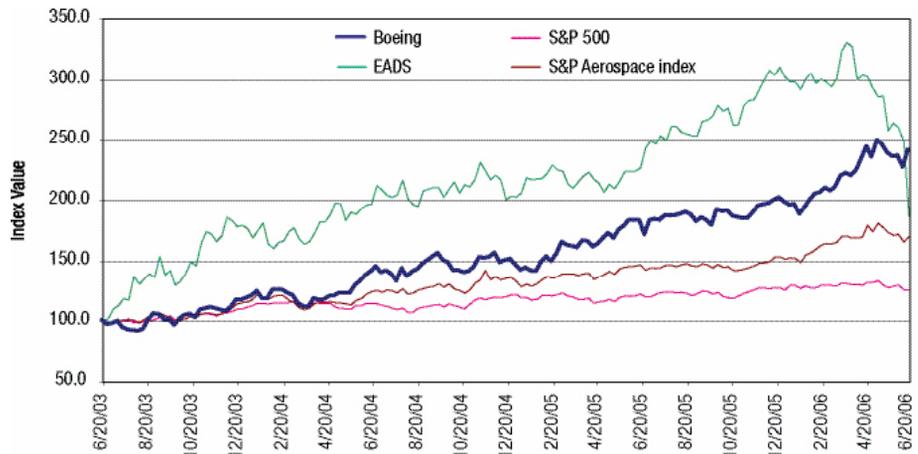
STOCK WATCH

The chart below shows the stock price of Boeing compared to other aerospace companies, the S&P 500 index and the S&P 500 Aerospace and Defense index. Prices/values are plotted as an index number. The base date for these prices/values is June 20, 2003, which generates three years of data. The prices/values on that date equal 100. In other words, an index of 120 represents a 20 percent improvement over the price/value on the base date. Each data point represents the end of a trading week.

Boeing vs. U.S.-based competitors (3-year)



Boeing vs. stock indexes and foreign competitors (3-year)



Comparisons:

4-week, 52-week

	Price/value as of 6/16/06	Four-week comparison		52-week comparison	
		Price/value as of 5/19/06	Percent change	Price/value as of 6/17/05	Percent change
BOEING	85.54	84.61	1.1%	64.62	32.4%
U.S. COMPETITORS					
General Dynamics	66.12	64.47	2.6%	56.02	18.0%
Lockheed Martin	71.32	74.33	-4.0%	64.66	10.3%
Northrop Grumman	63.01	66.47	-5.2%	56.40	11.7%
Raytheon	44.58	46.05	-3.2%	39.50	12.9%
FOREIGN COMPETITORS					
EADS *	19.81	27.39	-27.7%	24.06	-17.7%
U.S. STOCK INDEXES					
S&P 500	1251.54	1267.03	-1.1%	1216.96	2.8%
S&P 500 Aerospace and Defense Index	342.04	349.06	-2.0%	295.82	15.6%

* Price in Euros