

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF ILLINOIS**

Gary Spano, *et al.*,

*Plaintiffs,*

v.

The Boeing Company, *et al.*,

*Defendants.*

Case No. 06-cv-743-NJR-DGW

Judge Nancy J. Rosenstengel

**NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING**

**Your legal rights might be affected if you are a member of the following Class or Sub-Classes:**

**Recordkeeping Class:**

All participants or beneficiaries of the Boeing Company Voluntary Investment Plan (the "Plan"), excluding the Defendants, members of the Defendant committees, and the Boeing directors, who had an account balance at any time between September 28, 2000 and December 31, 2006, as all participants during that time paid recordkeeping fees.

**Mutual Fund Sub-Class:**

All participants or beneficiaries of the Plan, excluding the Defendants, members of the Defendant committees, and the Boeing directors, who, between September 28, 2000 and December 31, 2005, invested in any of the Plan's mutual funds, since each mutual fund during this time was laden with imprudently excessive fees.

**Small Cap Fund Sub-Class:**

All participants or beneficiaries of the Plan, excluding the Defendants, members of the Defendant committees, and the Boeing directors, who, between September 28, 2000 and December 31, 2005, invested in the Small Cap mutual fund in the Plan.

**Technology Fund Sub-Class:**

All participant or beneficiaries of the Plan, excluding the Defendants, members of the Defendant committees, and the Boeing directors, who, between September 28, 2000 and December 31, 2005, invested in the Plan's Technology Fund and whose investment in the Technology Fund underperformed that of the diversified domestic equity markets as represented by the Standard and Poor's 500 Index Fund minus 5 basis points for investment management.

**Company Stock Fund Sub-Class:**

All participants or beneficiaries of the Boeing Voluntary Investment Plan, excluding the Defendants, members of the Defendants committees, and the Boeing directors, who, between September 28, 2000 and December 31, 2006, invested in the Plan's Boeing Company Stock Fund and whose investment in the Boeing Company Stock Fund underperformed that of Boeing Company Stock.

**PLEASE READ THIS SETTLEMENT NOTICE CAREFULLY.**

- The Court has given its preliminary approval to a proposed settlement (the "Settlement") of a class action lawsuit brought by certain participants in the Plan against The Boeing Company ("Boeing"), Employee Benefits Plans Committee, Employee Benefits Investment Committee and Scott M. Buchanan (collectively, "Defendants"), alleging violations of the Employee Retirement Income Security Act ("ERISA"). The Settlement will provide, among other things, for the allocation of monies directly into the individual accounts of Class Members who had accounts with a positive balance (an "Active Account") in the Plan as of September 30, 2015 ("Current Participants"). Class Members who are entitled to a distribution but who no longer had Active Accounts as of September 30, 2015 ("Former Participants") will receive their allocation in the form of a check mailed to their last known address or a rollover, if elected.
- The terms and conditions of the Settlement are set forth in the Settlement Agreement dated November 4, 2015. Capitalized terms used in this Settlement Notice but not defined in this Settlement Notice have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement is available at [www.VIPSettlement.com](http://www.VIPSettlement.com). Any amendments to the Settlement Agreement or any other settlement documents will be posted on that website. You should visit that website if you would like more information about the Settlement and any possible amendments to the Settlement Agreement or other changes, including changes to the Plan of Allocation, the date, time, or location of the Fairness

QUESTIONS? CALL TOLL-FREE 1-855-907-3139 OR VISIT [WWW.VIPSETTLEMENT.COM](http://WWW.VIPSETTLEMENT.COM)

Hearing, or other Court orders concerning the Settlement.

- Your rights and options — and the deadlines to exercise them — are explained in this Settlement Notice.
- The Court still has to decide whether to give its final approval to the Settlement. Payments under the Settlement will be made only if the Court finally approves the Settlement and that final approval is upheld in the event of any appeal.
- A hearing on the final approval of the Settlement and for approval of the Class Representatives’ petition for Attorneys’ Fees and Costs and for Class Representatives’ Compensation will take place on March 30, 2016, at 9:00 a.m., before Judge Nancy J. Rosenstengel in Courtroom 3, United States Courthouse, 750 Missouri Ave., East St. Louis, IL 62201.
- Any objections to the Settlement, to the petition for Attorneys’ Fees and Costs and for Class Representatives’ Compensation must be served in writing on Class Counsel and Defense Counsel as identified on page 5 of this Settlement Notice.
- Further information regarding the litigation, the Settlement, and this Settlement Notice, including any changes to the terms of the Settlement and all orders of the Court regarding the Settlement, may be obtained at [www.VIPSettlement.com](http://www.VIPSettlement.com).

**According to the Plan’s records, you are a Current Participant. If you are a Current Participant, you do not need to do anything if you wish to participate in this Settlement. If you believe that you meet the definition of a Former Participant, please contact the Settlement Administrator. Current Participants include both participants currently employed at Boeing and participants who are no longer employed by Boeing but continue to have an account balance in the Plan on September 30, 2015.**

## YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

<b>OUR RECORDS INDICATE THAT YOU ARE A CURRENT PARTICIPANT. YOU DO NOT NEED TO DO ANYTHING TO PARTICIPATE IN THE SETTLEMENT</b>	<p>Our records indicate that you are a <u>Current Participant</u>; you do not need to do anything to participate in the settlement. If, however, you are a “Former Participant” who participated in the Plan during the Class Period and on September 30, 2015 did not have an Active Account in the Plan, or are the beneficiary, alternate payee, or attorney-in-fact of such a person, then, unlike a Current Participant, you must return a Former Participant Claim Form by 12:00 p.m. CST on March 28, 2016 to receive a check for your share of the Net Settlement Amount. If you are a Former Participant and you do not return the Former Participant Claim Form by 12:00 p.m. CST on March 28, 2016, you will forfeit your share of the Net Settlement Amount. We have not included a claim form in your notice because Current Participants do not need to submit a claim form, and our records indicate that you are a Current Participant. If you believe you are a Former Participant, a claim form may be obtained by accessing <a href="http://www.VIPSettlement.com">www.VIPSettlement.com</a>.</p>
<b>YOU CAN OBJECT (NO LATER THAN FEBRUARY 29, 2016)</b>	<p>If you wish to object to any part of the Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Settlement. The Court has authorized the parties to seek discovery, including the production of documents and appearance at a deposition, from any person who files an objection.</p>
<b>YOU CAN ATTEND A HEARING ON MARCH 30, 2016</b>	<p>If you submit a written objection to the Settlement to the Court and counsel before the deadline, you may attend the hearing about the Settlement and present your objections to the Court. You may attend the hearing even if you do not file a written objection, but you will not be permitted to address the Court at the hearing if you do not notify the Court and counsel of your intention to appear at the hearing by February 29, 2016.</p>

### The Class Action

The case is called *Gary Spano, et. al. v. The Boeing Company, et al.*, Case No. 06-743 (the “Class Action”). It has been pending since September 2006. The Court supervising the case is the U.S. District Court for the Southern District of Illinois. The individuals who brought this suit are called Class Representatives, and the entities they sued are called Defendants. The Class Representatives are

participants in the Plan. The Defendants are Boeing and certain alleged fiduciaries to the Plan. The Class Representatives' claims are described below, and additional information about them is available at [www.VIPSettlement.com](http://www.VIPSettlement.com).

### **The Settlement**

After nine years of litigation, the Settlement has been reached. As part of the Settlement, a Qualified Settlement Fund of \$57,000,000 will be established to resolve the Class Action. The Net Settlement Amount is \$57,000,000 minus: (a) all Attorneys' Fees and Costs paid to Class Counsel; (b) all Administrative Expenses; (c) any and all Class Representatives' Compensation; and (d) a contingency reserve not to exceed an amount to be mutually agreed upon by the Settling Parties that is set aside by the Settlement Administrator for: (1) Administrative Expenses incurred before the Settlement Effective Date but not yet paid, (2) Administrative Expenses estimated to be incurred after the Settlement Effective Date but before the end of the Settlement Period, and (3) an amount estimated to account for adjustments of data or calculation errors.

### **Additional Benefits to the Plan**

Over the nine years since this case was filed, the Plan has changed in many respects, which have lowered fees and improved plan options. The Plan no longer includes mutual funds, which Plaintiffs alleged were excessively expensive prior to their removal. In addition, the Plan's recordkeeping services have been competitively bid twice, each time significantly lowering the recordkeeping fees paid by plan participants. Plaintiffs' had alleged Boeing had not had competitive bidding and should have done this during the Class Period. Boeing has also taken steps to reduce the need for cash instead of Boeing Stock in the Company Stock Fund. By doing so, the Company Stock Fund's returns can more closely mirror the returns of Boeing common stock (BA). In addition to these Plan improvements, as part of the settlement, the Defendants have agreed to retain an Independent Investment Consultant to review whether and how to provide participants access to a technology sector strategy as a core option in the Plan. Further, the Court will retain jurisdiction to enforce the Settlement Agreement for a period of three years following final approval. Class Counsel has also agreed to bring an enforcement action in Court, if needed, at no cost to the Class. The terms of the Settlement will be reviewed by an Independent Fiduciary.

### **Statement of Attorneys' Fees and Costs and Class Representatives' Compensation Sought in the Class Action**

Class Counsel have devoted many hours to investigating the Plan, bringing this case, and pursuing it for nine years successfully opposing a motion to dismiss, multiple motions for summary judgment, handling an appeal of Class Certification and getting the Class and Sub-Classes certified, and having the case ready for a planned one-month trial. During that time, Class Counsel advanced substantial costs for expert witnesses, document review, depositions, and other costs necessary to pursue the case. Class Counsel took the risk of litigation and have not been paid for any of their time or for any of these costs throughout the time this case has been pending before the District Court and the Seventh Circuit Court of Appeals. Class Counsel also has agreed to undertake the additional risk of paying half of the costs of the settlement process if the Settlement is not approved. In addition, Class Counsel has agreed to monitor Defendants' performance of their obligations under the Settlement Agreement over a three-year period, including any necessary Court proceedings, without seeking additional payment from the Settlement Fund.

Class Counsel will apply to the Court for payment of Attorneys' Fees and Costs for their work in the case. The amount of fees (not including costs) that Class Counsel will request will not exceed one-third of the Settlement Amount, \$19,000,000, in addition to no more than \$1,845,000 in litigation costs. Class Counsel will not seek to receive any interest earned by the Qualified Settlement Fund, which will be added to the amount received by the Class. Any Attorneys' Fees and Costs awarded by the Court to Class Counsel will be paid from the Qualified Settlement Fund.

As is customary in class action cases, in which the Class Representatives have spent time and effort on the litigation, Class Counsel also will ask the Court to approve payments of \$25,000 for Class Representatives Spano, White, and Bunk, and \$10,000 for Class Representatives Griffin and Peterman. These representatives took on the risk of litigation, sat for depositions, responded to discovery, devoted considerable time, and committed to spend the time necessary to bring the case to conclusion. Their activities also included assisting in the factual investigation of the case by Class Counsel, reviewing settlement negotiations, preparing for depositions, and giving overall support to the case. Any Class Representatives' Compensation awarded by the Court will be paid from the Qualified Settlement Fund.

A full and formal application for Attorneys' Fees and Costs and for Class Representatives' Compensation will be filed with the Court and made available on the Settlement Website, [www.VIPSettlement.com](http://www.VIPSettlement.com).

## **1. WHY DID I RECEIVE THIS SETTLEMENT NOTICE?**

The Court caused this Settlement Notice to be sent to you because Boeing's records indicate that you may be a Class Member. If you fall within the definition of the Class, you have a right to know about the Settlement and about all of the options available to you before

the Court decides whether to give its final approval to the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Net Settlement Amount will be allocated among Class Members according to a Court-approved Plan of Allocation.

## **2. WHAT IS THE CLASS ACTION ABOUT?**

In the Class Action, Class Representatives claim that, during the Class Period, Defendants violated federal law by allowing the Plan's recordkeeper to receive excessive fees from the Plan and by imprudently including excessively-expensive mutual funds, including the Small Cap Fund, as well as including the excessively-volatile Technology Sector Fund and by holding excessive cash positions within the Company Stock Fund, reducing the returns of the Fund.

Defendants have denied and continue to deny the claims and contentions of the Class Representatives, that they are liable at all to the Class, and that the Class or the Plan have suffered any harm or damage for which Defendants could or should be held responsible.

## **3. WHY IS THERE A SETTLEMENT?**

The Court has not reached a final decision as to the Class Representatives' claims. Instead, the Class Representatives and Defendants have agreed to the Settlement. The Settlement is the product of extensive negotiations between Class Counsel and Defense Counsel and multiple all-day sessions with a private mediator and with multiple judges from the Southern District of Illinois. The Settlement was reached at the courthouse at the time trial was set to begin, and the parties were ready to proceed with a month-long trial. The parties to the Settlement have taken into account the uncertainty and risks of litigation and have concluded that it is desirable to settle on the terms and conditions set forth in the Settlement Agreement. The Class Representatives and Class Counsel, who are experienced in this kind of matter, believe that the Settlement is best for all Class Members.

## **4. WHAT DOES THE SETTLEMENT PROVIDE?**

The Net Settlement Amount will be allocated to Class Members according to a Plan of Allocation to be approved by the Court. Class Members fall into two categories: Current Participants and Former Participants. Allocations to Current Participants who are entitled to a distribution under the Plan of Allocation will be made into their existing Plan accounts. Former Participants who are entitled to a distribution will receive their distribution as a check mailed to their last known address or, if they elect, as a rollover to a qualified retirement account.

As discussed above, the Settlement Agreement also provides for non-monetary benefits to the Plan, and changes were made to the Plan, benefitting Class Members, during the nine years of litigation.

All Class Members and anyone claiming through them will fully release Defendants and their "Released Parties" from "Released Claims." The Released Parties include Defendants and any past, present, and future related entities, and all of their past, present, and future officers, directors, employees, attorneys, and agents. The Released Claims include all claims that were asserted in the Class Action, that arise out of the conduct alleged in the Complaint, or that relate to: (1) the selection, oversight, retention, or performance of the Plan's investment options and service providers; (2) fees, costs, or expenses charged to, paid, or reimbursed by the Plan; (3) disclosures or failures to disclose information regarding the Plan's investment options or service providers; and (4) all claims relating to the implementation of the Settlement. This is only a summary of the Released Parties and Released Claims and not a binding description of the Released Parties or Released Claims. The actual governing release is found within the Settlement Agreement at [www.VIPSettlement.com](http://www.VIPSettlement.com). Generally, the release means that Class Members will not have the right to sue the Defendants or the Related Parties for conduct during the Class Period arising out of or relating to the allegations in the Class Action.

This is only a summary of the Settlement. The entire Settlement Agreement is available at [www.VIPSettlement.com](http://www.VIPSettlement.com).

## **5. HOW MUCH WILL MY DISTRIBUTION BE?**

The amount, if any, that will be allocated to you will be based upon records maintained by the Plan's recordkeeper, or, if on September 30, 2015, you either no longer had a Plan account or had a Plan account with no money in it, based upon your Former Participant Claim Form. Calculations regarding the individual distributions will be performed by the Settlement Administrator, whose determinations will be final and binding, pursuant to the Court-approved Plan of Allocation.

To be eligible for a distribution from the Net Settlement Amount, you must either be a (1) "Current Participant" as defined on page 1 or (2) an "Authorized Former Participant" (a "Former Participant" as defined on page 1 who submitted a completed, satisfactory Former

Participant Claim Form by the deadline), or (3) a beneficiary, alternate payee, or attorney-in-fact of persons identified in (1) or (2).

The Net Settlement Amount will be divided between the Recordkeeping Class and the Mutual Fund, Small-Cap Fund, Technology Fund, and Company Stock Fund Sub-Classes in proportions that have been ordered by the Court under the Plan of Allocation. 50% of the Net Settlement Amount will be allocated to the Recordkeeping Class, 20% will be allocated to the Mutual Fund Sub-Class, 15% will be allocated to the Technology Fund Sub-Class, 10% will be allocated to the Company Stock Fund Sub-Class, and 5% will be allocated to the Small Cap Fund Sub-Class.

The portion allocated to the Recordkeeping Class will be divided among all Class Members pro rata based on their average quarter-end account balances during the Class Period, since all participants in the Plan who had an account balance during the Class Period paid recordkeeping fees. The portions allocated to the sub-classes will be allocated pro rata based on the average quarter-end balances of participants in those funds during the Class Period. The method of making these calculations is described in the Plan of Allocation, found in Article 6 of the Settlement Agreement and available at [www.VIPSettlement.com](http://www.VIPSettlement.com).

There are approximately 225,000 Class Members.

Note that if you are an alternate payee pursuant to a Qualified Domestic Relations Order, your portion of the Settlement will be distributed pursuant to the terms of that order.

## 6. HOW CAN I RECEIVE MY DISTRIBUTION?

Whether you need to submit a claim form to receive your distribution depends on whether you are considered a “Current Participant” or a “Former Participant.” **According to Boeing’s records, you are a Current Participant. Therefore, you do not need to do anything to receive your share of the Settlement.**

## 7. WHEN WILL I RECEIVE MY DISTRIBUTION?

The timing of the distribution of the Net Settlement Amount is conditioned on several matters, including the Court’s final approval of the Settlement and that approval becoming final and no longer subject to any appeals in any court. An appeal of the final approval may take several years. If the Settlement is approved by the Court, and there are no appeals, the Settlement distribution likely will occur during the fourth quarter of 2016.

**There Will Be No Payments Under The Settlement If The Settlement Agreement Is Terminated.**

## 8. CAN I GET OUT OF THE SETTLEMENT?

No. The Class and all Sub-Classes were certified under Federal Rule of Civil Procedure 23(b)(1). Therefore, as a Class Member, you are bound by any judgments or orders that are entered in the Class Action for all claims that were asserted in the Class Action or are otherwise included as Released Claims under the Settlement.

## 9. DO I HAVE A LAWYER IN THE CASE?

The Court has appointed the law firm Schlichter, Bogard & Denton, in St. Louis, Missouri, as Class Counsel in the Class Action. If you want to be represented by your own lawyer, you may hire one at your own expense.

## 10. HOW WILL THE LAWYERS BE PAID?

Class Counsel will file a petition for the award of Attorneys’ Fees and Costs. This petition will be considered at the Fairness Hearing. Class Counsel has agreed to limit their application for an award of Attorneys’ Fees and Costs to not more than \$19,000,000 in fees and \$1,845,000 in costs. An Independent Fiduciary will provide an opinion on the reasonableness of Class Counsel’s requested fee and cost reimbursement. The Court will determine what fees and costs will be approved.

## 11. HOW DO I TELL THE COURT IF I DON’T LIKE THE SETTLEMENT?

If you are a Class Member, you can tell the Court that you do not agree with the Settlement or some part of it. To object, you must send the Court a written statement that you object to the Settlement in *Gary Spano, et al. v. The Boeing Company, et al.*, Case No. 06-743. Be

sure to include your name, address, telephone number, signature, and a full explanation of why you object to the Settlement. Your written objection must be received by the Court **no later than February 29, 2016**. The Court’s address is Clerk of the Court, U.S. District Court, Southern District of Illinois, 750 Missouri Ave., East St. Louis, IL 62201. Your written objection also must be mailed to the lawyers listed below, no later than February 29, 2016. Please note that the Court’s Order Granting Preliminary Approval of this Settlement provides that any party to the litigation may, but is not required to, serve discovery requests, including requests for documents and notice of deposition not to exceed two hours in length, on any objector within ten days of receipt of the objection. Any responses to discovery, or any depositions, must be completed within ten days of the request being served on the objector.

CLASS COUNSEL	DEFENSE COUNSEL
SCHLICHTER, BOGARD & DENTON Attn: Boeing 401(k) Settlement 100 S. Fourth St., Suite 650 St. Louis, MO 63102 VIPSettlement@uselaws.com Tel: (314) 621-6115 Fax: (314) 621-7151	BRYAN CAVE LLP Attn: Jeffrey S. Russell One Metropolitan Square 211 N. Broadway, Suite 3600 St. Louis, MO 63102

**12. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?**

The Court will hold a Fairness Hearing at 9:00 a.m. on March 30, 2016, at the United States District Court for the Southern District of Illinois, Courtroom 3, 750 Missouri Ave., East St. Louis, IL 62201.

At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to give its final approval to the Settlement. The Court also will consider the petition for Class Counsel’s Attorneys’ Fees and Costs and any Class Representatives’ Compensation.

**13. DO I HAVE TO ATTEND THE FAIRNESS HEARING?**

No, but you are welcome to come at your own expense. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection on time, the Court will consider it when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You also may pay your own lawyer to attend the Fairness Hearing, but such attendance is not necessary.

**14. MAY I SPEAK AT THE FAIRNESS HEARING?**

If you are a Class Member, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a “Notice of Intention to Appear at Fairness Hearing in *Gary Spano, et al. v. The Boeing Company, et al.*, Case No. 06-734.” Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be mailed to the attorneys and filed with the Clerk of the Court, at the addresses listed in the Answer to Question No. 11, **no later than February 29, 2016**.

**15. WHAT HAPPENS IF I DO NOTHING AT ALL?**

**If you are a “Current Participant” as defined on page 1, and do nothing, you will participate in the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is approved.**

If you are a “Former Participant” as defined on page 1, and you do nothing, you will be bound by the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is finally approved, **BUT YOU WILL NOT RECEIVE ANY MONEY.**

**16. HOW DO I GET MORE INFORMATION?**

If you have general questions regarding the Settlement, you can visit this website: [www.VIPSettlement.com](http://www.VIPSettlement.com), call 1-855-907-3139, or write to the Settlement Administrator at Boeing 401(k) Settlement Administrator, c/o GCG, P.O. Box 10249, Dublin, OH 43017-5749.