

December 19, 2003

Via Facsimile (360-664-0228)

Ms. Nancy Krier
Assistant Attorney General
Attorney General's Office



Re: PROJECT OLYMPUS MASTER SITE DEVELOPMENT AND LOCATION AGREEMENT between The Boeing Company and The State of Washington, County of Snohomish, City of Everett and certain other Governmental units and authorities of or in the State of Washington, dated as of December 19, 2003 (the "Master Agreement").

Dear Ms. Krier:

Today, it is anticipated that the parties referenced above will execute the Master Agreement. Boeing does so with the understanding that much of the Agreement is a public document and subject to disclosure.

However, we are writing to confirm our previous discussions with the State of Washington that Exhibit D-1, in its entirety, and the redacted portions of Exhibits C-10, D-3, and E (collectively, the "Relevant Exhibits"), should be maintained as *strictly confidential*. The Relevant Exhibits reflect an extensive investment of time and money by Boeing and its personnel in determining the specific factors and facilities necessary to create the airplane of the future. The Relevant Exhibits are proprietary to Boeing, contain trade secrets and would be valuable to Boeing's competitors. Boeing would be adversely impacted by any unauthorized disclosure.

The Relevant Exhibits should not be disclosed without prior written authorization from Boeing.

Our understanding is that Washington law precludes the public disclosure of such information under, without limitation, RCW §§ 42.17.310(1)(h) (trade secret exception to Public Disclosure Act), 42.17.319(1)(b) (site selection exception to Public Disclosure Act) and 42.17.260(1) ("other statute" exception to Public Disclosure Act). To the extent necessary, consider this letter notice of Boeing's position, pursuant to RCW § 42.17.319(4). Please advise us if you disagree with our interpretation of the Public Disclosure Act.

Sincerely,

A handwritten signature in dark ink that reads "Lynn Ristig".

Lynn Ristig
Chief Counsel Commercial Aviation Services

EXHIBIT C-11

DOCK AND PORT IMPROVEMENTS

1. Existing Facilities

The Port of Everett serves as terminal to the base of the Japanese Gulch rail spur which is located 2 miles from the site.

In addition to the satellite rail-barge facility (described in Exhibit C-10 above), the Port is planning to upgrade its South Terminal Facility, which will support direct ship call from Japan, upon Boeing commitment it will utilize the South Terminal dock facility. South Terminal is immediately adjacent to Pacific Terminal on Port Gardner Bay. Planned South Terminal Phase I upgrades include: (1) upgrading wharf for container handling gantry cranes, and (2) terminal yard improvements. Two 40 ton Panamax container-handling gantry cranes are currently being procured by the Port of Everett and are expected to be secured no later than later 2003. No new dredging is currently anticipated.

Total area for South Terminal will be approximately 27 acres. (Phase II long-term expansion plans at South Terminal involve dredging, filling, and extending the wharf to create an additional 6 acres of terminal space). Having direct ship call from Japan to Everett, in conjunction with the rail-barge facility, will shorten the transport time to Boeing's Everett plant by 1) shortening the barge transit from 30+ miles down to 3 miles, and 2) shorting the mainline rail shutdown from hours to minutes, both of which will produce greater efficiencies in the movement of the oversized containers.

Boeing's oversized containers are currently handled at the Port's Pacific Terminal, which has a total area of approximately 10 acres. Containers are off-loaded from barges with either of the Port's two mobile cranes. One crane is a Manitowoc 4100 container handling crawler crane, and is primarily used for barges. The other crane, a Gottwald HMK 280E mobile harbor crane, is capable of loading barges or ocean-going ships. The yard is also equipped with one 45 ton reachstacker and one top pick for handling containers in the yard and loading onto trains. The Gottwald crane, the reachstacker and the top pick are provided by separate agreement between Boeing and Stevedoring Services of America. The Port of Everett envisions moving the container terminal from Pacific Terminal to South Terminal after the completion of the improvements described above. The terminal facility is approximately 27 acres in size and will have sufficient space to ready the components for the production queue and deliver the components on a "just in time" basis.

2. Required Improvements

Such improvements, upgrades, services and supplemental documentation as necessary to meet the following minimum performance criteria:

Port Infrastructure

- Expedited installation of Mukilteo Pier

- Expedited completion of South Terminal expansion and improvements for use by Boeing and Suppliers.
- Port of Everett rail-barge facility adjacent to Japanese Gulch rail spur. Facility will allow transfer of rail to dock of containers up to 35"W x 35'H x 140'L.

3. Property Interests Required to be Obtained to Complete Proposed Improvements

To be determined by the Port of Everett and Boeing not later than 30 days after Boeing notification of program authorization to proceed.

4. Schedule for Design and Construction

New rail to dock facility to be completed by Q1 2006.

5. Source of Funds for Proposed Improvements

For the South Terminal, Phase I improvements are estimated at \$14 million and Phase II dredging, filling and wharf is estimated at \$20 million. Both will be wholly funded by the Port of Everett.