Boeing Adopts Measures for Attaining Increased Shareholder Value

The Boeing Company (NYSE: BA) announced today a series of financial goals for use in measuring the company's progress toward increasing shareholder value. "Meeting these goals will enable us to enhance shareholder value over the long term. That's the principal measure of our success," said Phil Condit, Boeing chairman and chief executive officer. "It also allows comparison with other world class companies.

"We will measure total shareholder return - stock price appreciation and dividends - in comparison to premier manufacturing companies," Condit explained. "Our goal is to be in the top quartile of these companies."

Boeing established a long term goal of achieving an annual net return on sales of seven percent and to maintain or increase this level of profitability throughout a full business cycle. The company forecasts it will earn less than two percent net return on sales in 1998. It expects 1999 net margins in the range of three to four percent.

To reach its goal of seven percent margins assuming current market expectations, the company will need to improve productivity and continue its facilities consolidation efforts.

"Asset management - the use of our resources - to generate profitability and growth is a key element in managing our future. We announced an initial post-merger facilities plan in March and additional studies are being wrapped up for announcement soon," Condit said.

"However, inventory turnover in our operations significantly affects Boeing's overall asset utilization. Over the past several years we have been averaging inventory turns of about two times per year and have set our goal to increase that to greater than four times per year," Condit stated. He added that successful achievement of this goal will result in improvements in cash flow and lower production costs.

"Although significant inventory build up has reduced current cash reserves, Boeing expects to be a strong generator of cash in 1999 and beyond," he said. "We expect to address the efficiency of the capital structure with the board before year-end.

"In addition, we have established near-term projections against which our performance will be measured quarterly as we work towards our long term goals," Condit explained.

Forward-Looking Information Is Subject to Risk and Uncertainty
Certain statements in this release contain "forward-looking" information that involves risk and uncertainty, including projections for production rates, deliveries, customer financing, sales, revenues, margins, earnings, cash, research and development expense, employment, asset utilization, and other trend projections. This forward-looking information is based upon a number of assumptions including assumptions regarding demand, internal performance, customer financing, supplier and subcontractor performance, government policies and actions and escalation. Actual future results and trends may differ materially depending on a variety of factors, including the Company's successful execution of internal performance plans including production recovery and production rate increases; the cyclical nature of the Company's business, volatility of the market for certain products, continued integration of McDonnell Douglas Corporation; product performance risks associated with regulatory certifications of the Company's commercial aircraft by the U.S. Government and foreign governments; other regulatory uncertainties; collective bargaining labor disputes; performance issues with key suppliers, subcontractors and customers; governmental export and import policies; factors that result in significant and prolonged disruption to air travel worldwide; global trade policies; worldwide political stability and economic conditions, particularly in Asia; price escalation trends; changing priorities or reductions in the U.S. Government defense and space budgets; termination of government contracts due to unilateral government action or failure to perform; and legal proceedings. Additional information regarding these factors is contained in the Company's Annual Report on Form 10-K for the year ended 1997 and Form 10-Q for the quarterly period ended March 31, 1998.

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