Boeing Ready for Year 2000

The Boeing Company announces it has met the Y2K challenge and believes its 53,000 computing and non-computing systems will be operational during and after the year 2000 transition.

The Boeing Company has been working on the Y2K challenge since the early 1990's. Long lead times required during the regular course of engineering and manufacturing processes allowed Boeing to identify potential problem areas early and begin making the necessary changes to products and internal business systems.

All safety of flight and mission critical issues were corrected as of December 31, 1998. Boeing spent 1999 finalizing supplier preparedness, testing contingency plans and coordinating with local, state and federal governmental agencies.

The company's Y2K strategy included a common companywide focus on policies, methods and correction tools, and coordination with customers and suppliers. Each operating unit had responsibility for its own conversion, in line with overall guidance and oversight provided by a corporate-level steering committee.

Commercial Airplanes -- Commercial airplanes are minimally affected by the Y2K problem. Following an extensive survey of thousands of airborne systems, only three were found to be date sensitive. None of them compromised the safety of flight or operation. Information identifying software or hardware changes and instructions on how to make the changes were sent to airlines.

On April 16, 1999, Alan Mulally, president, Commercial Airplane Group, demonstrated his confidence in the readiness of Boeing aircraft by being onboard a 737 that successfully turned its systems ahead to January 1, 2000 while in flight. All systems remained operational and communication with Traffic Controllers was normal.

Military Aircraft and Missiles -- Military Aircraft and Missiles employees worked closely with customers and suppliers to identify and address any Y2K impact to products. No safety-of-flight issues were found and few operational impacts of any kind have been identified. Precautions were instituted to prevent the reintroduction of Y2K problems back into systems that have been remediated.

Customers initiated operational flight tests for the C-17, F-15C, AMRAAM missile and Apache helicopter. All testing was completed and met customer requirements.

Space and Communications -- Space and Communications has addressed potential Y2K problems across its wide and varied product line. These range from one-of-a-kind projects such as the International Space Station to other programs such as the Space Shuttle, Sea Launch and the Delta family of launch vehicles.

The nature of Space and Communications products and security considerations preclude specificity in descriptions of remediation efforts.

Shared Services -- Shared Services, which provides companywide support services such as computing and record-keeping, had succeeded in deploying most remediated assets by the end of 1998. Payroll, pensions, security operations, health insurance, employee records, savings plans, and other areas directly related to employees have been assessed and modified where needed and will function as intended. Office hardware and software, involving more than 28,000 configurations and more than 300,000 computing devices are Y2K ready.

Shared Services has also put a process in place to assist all Boeing divisions in assessing the continuity readiness of suppliers, including transportation, freight carriers and utilities.

Factories -- The Facilities organizations throughout Boeing have conducted physical inventories of equipment with emphasis on critical systems and interfaces that support more than 5,000 manufacturing systems. Special attention was given to inventory systems and all upgrades were completed by December 31, 1998.

Suppliers -- Suppliers were involved early in Y2K activities and have been assessed through site visits, questionnaires, meetings, face-to-face conversations and bulletins. Boeing has no reason to conclude that any supplier represents a significant risk to its Y2K readiness.

Contingency Planning -- Contingency plans have been developed and where appropriate include using the existing communications and transportation infrastructure created by the company's Disaster Preparedness Program. Each site has developed a transition plan that implements the companywide directive.

Boeing has worked closely with local, state and federal emergency management agencies to ensure that coordinated plans are in place should infrastructure problems occur in the year 2000.

A team of selected employees will be on-duty during the year 2000 transition should problems develop. Each site reports into

regional Communication Centers that in turn report into the Constant Readiness Center. Communication links are in place along with back-up power, food, and communication tools.

Boeing has been working on the Y2K issue for many years and, by the nature of its products, is well suited to meet the challenge. It has created a companywide organization to direct all Y2K activities and report progress to the highest levels of management. Systems and policies have been in place to safeguard Y2K assets. These policies are based on the company's longstanding commitment to developing, advancing and protecting technical excellence; enhancing shareholder value and responding to the needs of customers and the flying public. The Boeing Company is ready for the year 2000.

Forward-Looking Information is Subject to Risk and Uncertainty
Certain statements in this document contain "forward-looking" information that involves risk and uncertainty, including discussions of plans for addressing the Year 2000 challenge, timetables for accomplishing such plans, the likelihood of success of such plans, and the costs of implementing such plans. Actual future results and trends may differ materially depending on a variety o factors, including the Company's successful execution of internal performance plans including technical solutions to the Year 2000 problem, and performance issues with suppliers, subcontractors and customers. Additional information regarding these factors is contained in the Company's Annual Report on form 10-K for the year ended 1998.

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