Boeing Announces Employee Incentive Plan:Cash Bonuses for Annual Performance

The Boeing Company announced an incentive plan that will provide annual cash rewards to non-union employees upon the company's achievement of annual financial performance objectives.

"A high-performance culture is critical to our future," said Phil Condit, Boeing chairman and chief executive officer. "We want to create a company of innovators, actively engaged in seeking customer-focused solutions to grow the business and boost economic profit. Our long-term success will be built on fully-engaged employees, enthusiastic customers, and outstanding shareholder returns. This incentive program supports all three of these elements," Condit said.

Under the plan, which was approved by the company's board of directors, most non-union employees will have the opportunity to earn bonuses of up to two weeks pay for contributing to the company's performance to economic profit goals. Economic profit, which is calculated by subtracting a capital charge from the company's net operating profit after taxes, is the metric Boeing is using to measure overall financial performance.

Payments to employees will be made once a year after the company reports its annual financial results. The program begins this year, with the first possible pay out to more than 80,000 eligible employees coming in early 2001.

"Shareholder expectations for our financial performance are high," Condit said, noting that Boeing is committed to achieving total shareholder returns within the top quartile of Standard and Poor's 500 companies. "Our business plan for 2000 and beyond represents a fundamental shift in our approach to setting annual performance goals. The targets we are setting are very demanding. Meeting our annual business plan objectives for economic profit will earn eligible employees an extra week's pay. Exceeding them offers the potential for up to two full weeks of extra pay."

The new incentive plan is part of the company's Managing for Value program, which was launched last year, Condit noted. "We've renewed our focus on increasing shareholder value by significantly improving our financial performance and taking advantage of new opportunities to profitably grow the company," he said.

The Boeing Company, headquartered in Seattle, is the largest aerospace company in the world and the United States' leading exporter. It is the world's largest manufacturer of commercial jetliners and military aircraft, and the largest NASA contractor. The company's capabilities in aerospace also include rotorcraft, electronic and defense systems, missiles, rocket engines, launch vehicles, and advanced information and communication systems. The company has an extensive global reach with customers in 145 countries and manufacturing operations throughout the United States, Canada and Australia. At year-end 1999, Boeing and its subsidiaries employed 198,600 people.

###

C1721

For further information:
Peter Conte
(206) 655-6123