Boeing Announces Estimated Impact of New Goodwill Accounting Rule

The Boeing Company today announced it has completed the initial accounting review required by the new Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which will be adopted by the company effective Jan. 1, 2002.

This new accounting rule eliminates the amortization of goodwill and changes the method of determining whether there is goodwill impairment from an undiscounted cash flow method to a fair value method. As a result of its review, the company expects to record a non-cash, pre-tax charge ranging from $2.1 billion to $2.6 billion. The company's final determination of the charge will be reflected on an after tax basis in the company's first quarter 2002 statement of operations as a "cumulative effect of accounting change." The company currently estimates the after-tax impact will range from $1.4 billion to $1.9 billion.

The charge will be attributable to goodwill recorded in connection with companies acquired since 1996. The impact of this accounting change will have no effect on the company's operations, segment results or guidance.

Further information will be available in the company's Annual Report on Form 10-K for the year ended 2001, which will be filed with the Securities and Exchange Commission today.

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