Boeing Releases Independent Review of Company Hiring Practices

An independent review of the procedures and practices of The Boeing Company [NYSE: BA] related to the company's hiring of current and former government employees has found no instances of wrongdoing or noncompliance similar to the Mike Sears-Darleen Druyun case, which prompted the Boeing board of directors to request the review. However, according to a report prepared by a team led by former Senator Warren Rudman and colleagues from the law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP, the company's existing policies and procedures can be improved and should be carried out more consistently.

Boeing released the report today. The Boeing board commissioned the study in November after an internal company investigation led to the dismissal of the two senior executives for violating company hiring policies.

"Although Boeing has well-established written policies and procedures that govern the hiring of U.S. government employees, we found that these policies and procedures can be enhanced in some respects, and that emphasis needs to be focused on the consistent execution of those policies and procedures," Senator Rudman said. "There is no 'magic bullet' to ensure that everyone follows established policies and procedures in hiring government employees, but additional training, safeguards, and centralized oversight and control can substantially reduce the risk that mistakes will be made in the hiring process."

The Rudman team conducted a three-month examination and review of Boeing's internal policies, oversight mechanisms, organizational structure, process management and monitoring systems for hiring current or former government employees. The report details 10 recommendations to augment and strengthen the company's existing hiring processes. The full report is available on the Boeing Web site.

"Boeing's board of directors requested this independent review to identify any weaknesses in our hiring system and to make recommendations that would improve and strengthen our capacity to manage the process of hiring current and former government employees," said Boeing Chairman Lew Platt. "As Senator Rudman's report notes, our existing policies and procedures have many strong features. However, the report found room for improvement, as well as inconsistencies in how our policies and procedures are implemented. These deficiencies can create unnecessary risks for the company and its employees. To reduce these risks, we need consistent application of our policies and procedures across the company.

"We have already begun to put into action many of the report's recommendations, and we will follow through and implement all of them. We are tightening up central oversight, improving record-keeping, monitoring the records of people as they move through the system, increasing our audits of the records and results, and improving training in all of these areas," Platt said.

Senator Rudman noted: "Boeing has not been ignoring these issues. Rather, it has already started to address a number of the points identified in our report. In fact, although some of our recommendations may go further than Boeing has so far, a number of our recommendations are similar to, or build upon, changes that the company has already adopted or begun to implement."

Platt added that the company remains deeply committed to integrity in all of its business practices, and he pointed out that a Boeing internal investigation -- not outside reviews -- uncovered initial concerns in this area. "We intend to continue making the necessary improvements so that we become the standard of ethics and integrity," he said.

Rudman is a former U.S. Senator from New Hampshire and former chairman of the Senate Ethics Committee. Most recently he was a member of the Conference Board's Commission on Public Trust and Private Enterprise, which recommended significant reforms related to corporate governance, business ethics, and auditing and accounting issues. He is a director of the Chubb Corporation, Allied Waste, Boston Scientific, Collins & Aikman and the Raytheon Company.

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For further information:
John Dern
Boeing Communications
office: 312-544-2002
Marion Phelan
Sen. Rudman's Office
office: 202-223-7320