

## **EIP award projection delayed**

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The Employee Incentive Plan (EIP) award projection will not be updated for third quarter 2009. "Under current business conditions it makes the best sense to wait until the year-end financial results are in and the Compensation Committee of the Board of Directors has made its final decision on the award," said Rick Stephens, senior vice president of Human Resources & Administration. "Projecting EIP at this time would not be reliable given the special items that have affected our financials, such as the reclassification of the costs incurred on the first three 787 flight test airplanes. No changes are being made to the program; EIP continues to be based on the company's performance relative to its annual business-plan target for achieving economic profit," Stephens said.

### **How the EIP award is determined**

Boeing recognizes the critical role individual employees play in improving the company's performance. As part of the total compensation package, Boeing offers the Employee Incentive Plan (EIP) to actively engage employees in seeking customer-focused solutions to grow our business and maximize economic profit, and to reward employees directly for our success.

The EIP target is not a static measure; it changes every year. If the company's business plan calls for delivering more products and services to customers than the year before, the EIP award target is adjusted upward as well.

The EIP award is approved by the Compensation Committee of the Boeing board of directors based on the company's performance relative to its annual business-plan target for achieving economic profit. In other words, the award will be determined by how well the company executes its business in 2009, with consideration given to both internal and external events that affect the company.

Economic profit is the standard metric Boeing uses to measure its overall financial performance. It is calculated by subtracting inventory and equipment costs needed to support the business from the company's net operating profit after taxes. Decisions and events that affect the company's revenues, costs, or use of assets, affect economic profit.\

According to EIP guidelines:

- Meeting the annual operating plan target for economic profit will result in 10 days of extra pay for employees who are EIP eligible for the entire year.
- Exceeding the target can result in up to 20 days of extra pay for employees who are EIP eligible for the entire year.
- Achieving economic profit levels below the operating plan goal but above the target minimum can result in between one and nine days of extra pay for employees who are EIP eligible for the entire year.

- If target minimums are not met, no payments will be made.

Employees who were EIP eligible for only part of the year will receive a prorated award. This includes those who terminated employment as a result of retirement, layoff, disability or death, or who spent part of the year in an ineligible employee population.

More information is available on the [EIP Web site](#).