

Employee Incentive Plan Projection Delayed

The Employee Incentive Plan (EIP) projection will not be updated for the third quarter 2008. "Projecting a full-year EIP as we normally do after announcing quarterly financial results would not be appropriate or reliable at this time," said Rick Stephens, senior vice president of Human Resources & Administration. "The EIP projection for 2008 will be updated when the IAM strike ends."

How EIP is figured

EIP is based on the company's performance relative to its annual business-plan target for economic profit. In other words, the award is determined by how well we execute our business during 2008. The final award for 2008 is determined by the Compensation Committee of the Boeing Board of Directors.

- Meeting the annual operating plan target for economic profit will result in two weeks (10 days) of extra pay for an employee who is eligible under the plan for the entire year.
- Exceeding the target will earn up to four weeks (20 days) of extra pay.
- Achieving economic profit levels below the operating plan goal, but above a target minimum, will pay between one and nine days of extra pay.
- If target minimums are not met, no payments will be made.

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