I. Program Overview

<table>
<thead>
<tr>
<th>Name of Program:</th>
<th>Boeing Global Strike Systems: Weapons Programs Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Name/title:</td>
<td>Debra Rub-Zenko, Vice President Weapons Programs</td>
</tr>
<tr>
<td>Customer:</td>
<td>United States Air Force, Navy, Army and ~ 30 international allies</td>
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<thead>
<tr>
<th>Program Category</th>
<th>Our Weapons portfolio spans all categories, from applied research through subsystem development to platform integration to full-scale production/sustainment. Our main products and services include:</th>
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<tbody>
<tr>
<td>Identify your program as</td>
<td>➢ Weapon Systems production hardware and software</td>
</tr>
<tr>
<td>A.1 Full-scale production/sustainment</td>
<td>➢ Engineering and Operational analyses, studies and solutions</td>
</tr>
<tr>
<td>A.2 Development stage/ SDD contract AND</td>
<td>➢ Prototype hardware/software and architectural concepts/trades</td>
</tr>
<tr>
<td>B.1 Large-scale system (multi systems)</td>
<td>➢ Support to Warfighter CONOPS, product warranty, depot repair services</td>
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<tr>
<td>B.2 Subsystem</td>
<td>➢ Transformation concepts (e.g. directed energy, sensors, high speed strike)</td>
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For this submittal, we will draw upon program examples to address the criteria set forth by the Evaluation Team in each of the sections below.

II. VALUE CREATION = 10 POINTS

| Describe how this program contributes to your corporation's ability to deliver value to customers and shareholders. | Boeing Weapons Programs provides our external customers with the systems they need on-time, at the lowest possible cost. Our long record of performance translates to superior margins and growing revenues that benefit both the Corporation and our shareholders. Our weapon systems, in concert with aircraft and ship based platforms, play a critical role in defining system level architectures and solutions to prosecute warfighter missions. This integration ability allows our customers a one stop venue for complete Kill Chain capability with systems managed from concept to disposal. The ability to provide fully integrated solutions is a unique success factor that distinguishes us from our competition. We also increase our overall customer value by focusing our internal investments towards technologies and systems improvements to provide new warfighter capabilities, increased Weapons performance, and lower costs. Affirmation of these claims are evident in our financial results, superior customer evaluations (described in later sections), and in the twelve National Quality, Management, Manufacturing and Program Performance |

2008 AVIATION WEEK PROGRAM EXCELLENCE INITIATIVE
III. ORGANIZATIONAL PROCESSES/BEST PRACTICES: (HOW DO YOU DO THINGS) = 30 POINTS

<table>
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<tr>
<th>Strategic: Describe how you developed your program strategy in support of your company strategy, how you monitor progress toward achieving this strategy</th>
<th>Weapons strategy begins with the definition of a vision that is tightly aligned with IDS goals. Once established, our detailed strategies are reviewed and tracked monthly utilizing both strategy sessions and the Vision Support Plan (VSP). The strategy planning cycle starts at the beginning of the year and feeds into new business investment decisions throughout the year. This process is iterated as marketplace changes are realized. The steps include:</th>
</tr>
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</table>
| **Market and Environmental Assessment** | ➢ Assess market conditions and key trends  
➢ Assess marketplace change (Policy & Regulations, Disruptive technologies, Suppliers, Customer behavior)  
➢ Review Weapons Programs’ position and performance in marketplace  
➢ Assess competitive environment |
| **Strategy Review** | ➢ Review progress and validate/revise Strategic Imperatives/Objectives  
➢ Review Weapons’ strengths/weaknesses, opportunities and threats  
➢ Define factors enabling success (Investment in enabling technologies)  
➢ Define changes to strategic imperatives  
➢ Publish strategic plan |
| **Strategy Deployment Process** | ➢ Prepare product and technology roadmaps  
➢ Evaluate business case (ROI, EP, Probability of Go and Win)  
➢ New Business Funds (NBF) identified and prioritized  
➢ Review Long-Range Business Plan (LRBP) assumptions |

| Operational: Monitoring and Controlling How do you monitor your program’s progress and make corrections to keep the program on track | The organization focuses on performance improvement and aligns its measures by using a Vision Support Plan (VSP) that is developed at the highest level and flows throughout the organization. Measures include earnings, revenue, CPAR, economic profit, delivery performance, cost/schedule performance indices, cycle time, defects, supplier quality, employee satisfaction, inventory, supplier diversity, and repair/depot cycle time. The VSP and detailed metrics are reviewed on a regular basis at all levels within the organization. Our “Battle Rhythm” contains a series of regular executive and program level reviews to monitor program progress, implement course corrections, and to keep programs on track (Figure A4). Our customers are an integral part of this review process, as well as tracking performance to plan against Key Performance Parameters, Life Cycle Cost, and Total Ownership Cost considerations. To improve performance, the organization uses a variety of team-based approaches and process improvement methodologies that include representation from all stakeholder groups. Team-based methodologies include Accelerated Improvement Workshops (AIW), Production Preparation Process (3P) events, Integrated Product Teams (IPT), High Performance Work Organizations (HPWO), and Corrective Action Boards. We employ robust process improvement tools/processes to include Closed Loop Corrective Action process, Lean +, and Process Based Management. The organization also uses third-party assessments to identify additional opportunities for improvements. Assessments include compliance to ISO9001/AS9100 standards, Internal Audit, Lean Manufacturing and Program Management Best Practices. |
### Operational: Supply Chain

What processes, tools and relationship-building methods have you used to develop, refine and improve supply chain integration?

Weapons Programs products consist of approximately 75 percent supplier content. The subcontracted work includes avionics, electro/hydro/mechanical components and assemblies, fabrication, raw materials, and panstock. Suppliers include foreign and domestic, large and small businesses, women-owned businesses and small disadvantaged businesses. We use Integrated Product Teams (IPT) to manage all aspects of the supply chain, including requirements definition, planning, procurement, inventory control, obsolescence management, quality, and program management. Our Supplier-Partners are initially provided Supplier Statements of Work to document tasks to be completed under the subcontract, as well as our management expectations. We work with our partners throughout the execution of the subcontract to ensure the current status is communicated to all Weapons Programs stakeholders. Regular program communications and reviews are employed to assess performance status, determine contract compliance, and build relationships. Detailed schedule, cost, technical, quality, and risk metrics are fully utilized. We provide our suppliers electronic access to requirements and change documents via the Boeing web portal. The integrated Boeing Enterprise Supplier Tool (BEST) system tracks delivery, quality, customer satisfaction and affordability for the entire supply base and provides visibility into the performance of each supplier site. In working with potential suppliers, Boeing uses the Performance Excellence Award (PEA) to identify and recognize suppliers that provide the best value/highest quality products and services at the right time. This process facilitates partnering relationships with certified suppliers and promotes continuous improvement in processes and performance throughout the supply base. PEA has threshold standards that include a balance of supplier quality and delivery performance and general performance assessment (GPA) (Figure A5). Through May 2008, the Weapons supply base has delivered approximately 600,000 pieces of hardware at 98.8% on time and 99.9% quality acceptance rating.

Boeing’s goals for improvement require close working relationships between the supply base and Boeing programs. In support of this, Weapons Programs utilize many formal process-based management tools, such as the Supplier Partnership Initiative program. Boeing supplier lean experts engage suppliers for two-year duration, utilizing various assessment tools and lean techniques to achieve program established goals.

**Example:** Wildwood Electronics is a woman-owned small business in Huntsville, Ala. Boeing and Wildwood entered into a mentor-protégé agreement whereby Boeing helped Wildwood establish lean processes in manufacturing and business management to improve the company's ability to compete. This effort culminated with Wildwood Electronics being named as a Boeing Supplier of the Year.

### Operational: Risk Management

Describe the processes used to identify risk and avoid future/potential issues or risks.

Risk Management plays a key role in reducing overall risks to Weapons Programs by eliminating uncertainties, lowering consequences and preparing and implementing contingency plans. Risk management is a systematic decision-making process that efficiently identifies risks, assesses risk level and effectively mitigates the risks (Figure A6).

**Risk Management involves five steps:**

1. Plan Risk Management Strategy. Determine risk sources/categories/parameters and generate a risk management plan
2. Identify Risks. Develop candidate risk list (what could go wrong) via a
3. Analyze Risks. Determine risk likelihood/consequence and prioritize the candidate risk list for handling options.
4. Assess Risk Handling Options. Determine most appropriate handling option (avoidance, transfer, assumption, mitigation) for each risk item.
5. Plan and Perform Risk Handling. Develop/execute risk mitigation plans, establish fallback plans and communicate status to all program elements.

The Program Management Best Practices assessment criteria require that risk management is documented, available on line, and utilized across all teams. Boeing’s Opportunity, Risk and Issue System (BORIS) database tool is a web-based corporate-wide application used on programs to manage opportunities, risks, and issues as an integrated set. Mitigation plans, when required, are included in team schedules, with inclusion of a fall back plan for high risk projects. Risks and risk mitigation plans are reviewed for updates (including identification of new risks) and are briefed to senior management on a monthly basis.

**Operational:**

**Opportunity Management**

Describe how your program team identifies opportunity and manages this opportunity.

Weapons Programs utilizes the IDS Integrated Business Acquisition Process (IBAP) to identify and manage opportunities (**Figure A7**). The first step, “Analyze Market and Create Opportunities,” leverages the detailed customer knowledge of our Business Development (BD) team. As the customer conducts on-going mission area analysis, the BD team identifies potential markets based on emerging requirements, especially in areas where an IDS weapons solution may have a competitive advantage. Market analysis is conducted on customer expectations/roadmaps, market needs/opportunities, technological innovation, customer organizational profiles and potential competitors. This market intelligence is continually updated as the customer conducts its own mission area analysis and develops capability solutions.

The next step in the process, “Shape the Market and Qualify Opportunities,” requires a proactive approach of engaging current and potential customers to refine opportunities. The Weapons Programs team identifies key decision makers that may influence the procurement process. The team gleans formal and informal customer and market knowledge from various sources, including customer visits, quality function deployment, “voice of the customer,” user advisory groups and war games. Relevant technology and customer information are used to shape the market by offering a cost-effective new technology push, such as JDAM. Or, where Weapons and a customer have jointly identified a capability gap, the analysis may suggest the customer generate a cost-effective technology pull, such as Standoff Land Attack Missile Expanded Response (SLAM ER). Opportunities are then prioritized based on timeframe, sales at stake and strategic alignment across the enterprise. They are also tracked and monitored in the BORIS tool. This procedure allows Weapons Programs to effectively invest resources to capture opportunities in which it has a competitive advantage and that align with company business objectives.

**Team Leadership:**

**Team Motivation**

Describe how you accomplish full team integration, motivation, and inspiration.

Achieving full team integration among the Weapons Programs 1,600 employees is a challenge due to the location of employees at four different geographical sites. Integrating the team requires care in relationship building and understanding varied perspectives and needs. In order to overcome the geographical barriers, Weapons Leadership staff meetings are conducted through video teleconference, allowing employees at the different sites to be visually connected. Facilitating and enhancing interactions is key to developing bonds and strengthening communication so regular leadership offsites are...
conducted. Employees of the organization use a variety of computing tools and resources to communicate with each other to share best practices and common processes. These tools include Sharepoint sites, Team Community Center, a Virtual Control Room, and Weapons Programs Homepage. A fundamental part of Weapons Programs’ culture is empowering employees and recognizing their individual contributions. Our Leaders set the recognition expectation by affirming the value that people come first. Leadership strives to have genuine recognition occur on a daily basis, based on valuing people, honoring what each employee brings to the work arena, and respecting each other’s contributions. The organization has numerous formal recognition and reward programs designed to optimize performance while reinforcing organizational objectives and values. In the first 5 months of 2008, the Weapons Programs organization recognized approximately 500 employees with Pride @ Boeing Awards, Cash Awards, and Instant Awards with an approximate cash value of $60,000. In addition, all employees are recognized for milestone years of service (5, 10, 15, etc) with a special presentation by their manager and a gift from the company. Leaders ensure employees have the information and tools needed to do their jobs and make it a priority to maintain a culture in which employees feel free to ask for help when it is needed and feel confident that help will be provided. As a result, the programs enjoy an environment in which employees at all levels know their ideas and opinions are highly valued.

**Team Leadership:**

**Knowledge Management**
Describe how knowledge, best practices, lessons learned are shared and used across the team to improve performance.

Boeing IDS and Weapons Programs define KM as follows:

> **Knowledge Management is a disciplined, holistic approach to effectively utilize expertise for competitive advantage.**

Weapons Programs’ vision for KM is best described as "Knowledge Without Borders." The organization has a borderless environment, where knowledge is leveraged for innovation, competitive advantage, sustainable performance and enhanced productivity. This environment empowers and challenges the adaptable and agile workforce and supplier base to rapidly achieve and maintain market leadership and anticipate customer needs. IDS/Weapons Programs’ approach to KM ensures critical knowledge is identified, captured and shared with those who need it. Information and knowledge are shared via Communities of Practice (CoPs, including sharepoints, blogs and wiki’s), After Action Reviews, Facilitated Best Practice Transfers and published Lessons Learned.

**Team Leadership:**

**Leadership Development**
How do you develop team’s skills and build future leaders

Developing leaders is essential to sustainable growth, ensuring stronger program execution, enhancing competitive postures, and retaining key people talent. The Leadership Development organization is committed to igniting the spirit behind the human resources strategy, “Assess and Build Leadership Capability,” and bringing the leadership attributes, companywide initiatives, and Boeing Management and Leadership Models to life across the enterprise. This involves the creation of cutting-edge leadership curriculum, with input from the business units, to rapidly develop the company's senior leadership. They in turn impart that knowledge to the next generation of leaders through a “leaders teaching leaders” approach. Tools and processes are integrated and aligned so that leaders develop themselves and measure their progress. In the end, that means employees understand the whole is greater than the sum of its parts.

> “When companies lose their way, they lose their way on the fundamental issues of leadership.” -- Jim McNerney, Boeing Chairman, President and CEO

Leadership Programs such as the Senior Manager Leadership course and
Boeing Executive Programs are cornerstones of the Core Leadership courses available. In addition, Functional Excellence Programs, including the Aerospace Industry Manufacturing Seminar, Supplier Management Workshop and Program Managers Workshop are routinely offered.

**Lessons Learned/Best Practices**

Check category of your effort

- __Teaming/Leadership
- __Supply Chain Management
- __Risk Management
- __Opportunity Management
- __Configuration Control
- __Schedule/Planning/Forecasting
- __Subsystem Control
- __Systems integration/tradeoffs
- _X_ Other

**Program Management Best Practices (which addresses all of the above)**

Lessons Learned from previous campaigns, both successful and unsuccessful; provide critical insight into winning future new business. Boeing Weapons Programs has been gathering lessons learned for well over a decade. Repeated and/or systemic lessons learned are now an integral part of how the organization captures new business and executes on existing programs. We have learned how to apply the concepts of lean in the engineering development, supplier management, program management and production of our Direct Attack business, transferring those fundamental ways of doing business across our follow-on and derivative product lines. We have applied lessons learned in forging closer customer relationships to extend and solidify our lead role in the Standoff Strike markets. We have applied significant lessons learned as we transitioned manufacturing of highly complex seeker assemblies to capable and lower cost facilities within the organization. Most importantly all of our Lessons Learned are documented not only for the benefit of Weapons initiatives but for the benefit of the Boeing defense business as a whole and vice versa.

**Lessons Learned/Best Practices**

Lessons Learned has ultimately led to the creation of Boeing’s Integrated Program Management Best Practices (Figure A10). Each of the programs in the portfolio performs Best Practice assessments at least annually to evaluate how programs have implemented these Boeing standards in all of the categories above. A specific example of the combination of Lessons Learned and Best Practices would be the Hot Start process which was recently applied to the kickoff of our Harpoon Block III program. Meeting program goals and schedule in the face of delayed contract negotiations necessitated we apply this process, defined by other Boeing programs faced by the same set of challenges.

**Lessons Learned/Best Practices**

What specific plans and actions – including systems, processes or tools applied – were taken to create the best practice or to mitigate/prevent re-occurrence of the root cause issue on this program.

Lessons Learned from previous campaigns, both successful and unsuccessful; provide critical insight into winning future new business. Boeing Weapons Programs has been gathering lessons learned for well over a decade. Repeated and/or systemic lessons learned are now an integral part of how the organization captures new business and executes on existing programs. We have learned how to apply the concepts of lean in the engineering development, supplier management, program management and production of our Direct Attack business, transferring those fundamental ways of doing business across our follow-on and derivative product lines. We have applied lessons learned in forging closer customer relationships to extend and solidify our lead role in the Standoff Strike markets. We have applied significant lessons learned as we transitioned manufacturing of highly complex seeker assemblies to capable and lower cost facilities within the organization. Most importantly all of our Lessons Learned are documented not only for the benefit of Weapons initiatives but for the benefit of the Boeing defense business as a whole and vice versa.

**Lessons Learned/Best Practices**

Provide measurements you used to assess the impact of this Lesson Learned/Best Practice (results)

A checklist of key program elements ranging from organizational constructs, management systems selection, supplier workscope definition, risk reduction planning, etc, all culminated in a Program Implementation definition Review. Over 90% of these checklist items were rated good or excellent by the customer at the program kickoff.

**IV. ADAPTING TO COMPLEXITY: (HOW DO YOU DEAL WITH YOUR PROGRAM’S UNIQUE COMPLEXITIES) = 30 POINTS**

<table>
<thead>
<tr>
<th>Identify the Program’s Market Uncertainty level using the definitions below.</th>
<th>In response to market volatility, Boeing manages its program pursuits and investments to create a balanced portfolio of products that range across life cycles and temper the impact of uncertainty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Is it a <strong>Derivative</strong> of existing product/system?</td>
<td>➢ <strong>Derivatives</strong> include SLAM ER a derivative of Harpoon that adds long range standoff and networked utility; Laser JDAM that expands mission scope to address moving targets.</td>
</tr>
<tr>
<td>- Is it a <strong>New Generation</strong> of existing product line/system applied to new market segment?</td>
<td>➢ <strong>New generation</strong> of Direct Attack munitions like the SDB providing greater range and loadout with lower collateral damage and the Harpoon Block III, incorporating a data link to support strict ROE in a network environment.</td>
</tr>
<tr>
<td>- Is it a <strong>Breakthrough Program</strong> (new to the world)</td>
<td>2008 AVIATION WEEK PROGRAM EXCELLENCE INITIATIVE</td>
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Breakthrough programs like Directed Energy to execute precision effects with low collateral damage
Such a broad portfolio provides Weapons Programs with the experience necessary to both develop and execute in all stages of system design and production. Complementary production processes position the organization to address both low-rate, highly complex manufacturing (PAC-3 Seeker) through world-class, lean, high-rate production (JDAM). A highly embedded inventory of products makes modular, derivative offerings appealing to customers with quick reaction needs. Total systems expertise in the design and development of all aspects/subsystems of the missile makes Weapons Programs a valid prime contractor for the breadth of new system opportunities.

Identify the Program’s Technological Uncertainty using the definitions below. Then describe how you are addressing this uncertainty:
- **Low-tech**: application of existing technology
- **Medium Technology**: mature technology adaptation to meet new requirements
- **High-Technology**: new technology applied to fully defined requirements
- **Super High-Technology**: non-existing technology that needs to be developed during the program.

Technological uncertainty is driven by customer requirements. The scope and urgency of new system development is well managed by existing processes defined by system maturity standards – TRL nomenclatures. Weapons Programs benefits from the overall Boeing-wide Technology Planning and Development Process. By participating in the process, Weapons Programs is aware of related technology development in Boeing’s Phantom Works and Advanced Programs technologies and makes use of those technologies whenever possible.

**Low-Medium Technology**: Many of the Weapons Programs are considered Low-tech or Medium Technology. There is such a breadth of subsystems incorporated into these products, that many of the subsystems can be spun-out as mature and adapted to meet new requirements for other innovative products. In many cases an existing platform can be spiraled to perform a mission that requires higher technology. Spiral phases of programs are coordinated with the Internal Research and Development (IRAD) technology prioritization process to ensure the technology is available when the spiral phase begins development.

**High-Super High Technology**: The funded Independent Research and Development programs often have ongoing development efforts for components for the new systems. Where a new capability is required, a technology prioritization process, that includes a timeline to support new product development, is used to lower the risk on technology development. In addition, Weapons Program captures as many Contracted Research and Development (CRAD) programs as possible to augment the technology maturation. The right readiness level and risk mitigation is achieved by pursuing the optimal combination of IRAD and CRAD.

Identify the level of your System Complexity using the definitions below. Then explain how you are dealing with this complexity:
- **An Assembly** performing a single function.
- **A Sub-system** fitting within a larger collection of systems?
- **A System** – a collection of subsystems performing multiple functions?
- **An Array** – a system of systems; a widely dispersed collection of systems serving a common mission?

Boeing Weapons products run the full spectrum from single function assemblies to complete missile systems, and arrays of systems which are network enabled. The level of system complexity varies somewhat over the portfolio, but is typically at the System level. Elements of the weapon systems typically include the missile/munition, launch, mission planning, and logistics systems. The weapons must also be fully integrated into the larger launch platforms and communication/control networks. The key to managing this complexity is the disciplined application of System Engineering processes. The following elements of System Engineering are adopted as Best Practices, and each program is periodically assessed in our application of these Best Practices:
- Requirement Analysis
- Functional Analysis and Allocation
- Synthesis and Integration
- Verification and Validation
- Systems Analysis and Control
For decades, we have worked closely with customers, both domestic and international, to achieve a level of intimacy that is critical to the understanding of requirements which ultimately drives the systems engineering process. This intimacy is evident as Boeing and the customer establish common analysis tools and simulations that guide the ultimate concept of operations and maximize mission effectiveness during deployment.

The current Harpoon Block III contract is an excellent example of how close customer intimacy and the successful systems engineering of multiple, complex, technology advances (GPS navigation, datalinks, etc.) will result in an evolved system capability that will serve the USN for decades to come.

Identify the **Pace** of your team’s effort using the definitions below. Then describe how you deal with the program’s pace requirements:
- **Regular timing** based on past efforts
- **Fast Competitive** – the pace is driven by desire to be first to market
- **Time Critical** – there is an absolute and near-term deadline
- **Blitz** – there is a crisis element driving immediate response

The pace of Weapons Programs’ is situational and driven by evolving customer requirements. Extensive capabilities within the defense industry exist, so the company who is first to market generally has the ability to work with the warfighter to evolve new requirements. These requirement often form the foundation for future Requests for Proposal. Since the technology base is changing quickly, the emerging technology prioritization process must be sensitive to policy. The Business Development organization is critical to nudging technology development to put our future products in a better competitive position. Weapons Programs is capable of meeting all pace levels:

- **Regular Timing** - JDAM production: several thousand units in 2008; Harpoon production: approximately 100 per year; SDB production: approximately 1,000 units in 2008; SDB carriage production: several hundred per year.
- **Fast Competitive** – SDB II program to develop a moving target variant of the small diameter bomb.
- **Time Critical** - Focused Lethality Munition: 18-month Joint Capability Technology Demonstration to develop and field a very low-collateral damage weapon.
- **Blitz** - Production and delivery of Laser JDAM units to satisfy an urgent operational need; and JDAM deliveries are periodically ramped to provide expedited delivery for international customer.

**V. Metrics (How do you measure program’s performance) = 30 points**

**Demonstrate the customer satisfaction from your program. Include description and metrics / scores.**

Contractor Performance Acceptance Reporting System (CPARS) is a principal tool that customers use to provide feedback on performance. Based on a review of those programs with CPAR results, Boeing Weapons Programs consistently experiences an aggregate score bordering "exceptional". The organization also performs an annual Customer Satisfaction Survey. Those surveys routinely laud performance with recommendations pushing for a sharing of best practices with the rest of industry, the kind of opportunity afforded by Aviation Week's nomination and selection process. In addition, all programs establish an operating rhythm that includes customer involvement. Examples include Earned Value Management reviews, Change Control Boards, Corrective Action Boards, Campaign Action coordination and Risk reviews. Each are critical elements in ensuring customer satisfaction. We have also attained a higher percentage of award fees based on program performance than other Boeing programs of similar or greater size.
**Example:**
The PAC-3 seeker program had no formal customer feedback process to keep the program sensitive to customer needs. In response to this gap, the PAC-3 team engaged the Boeing Performance Acceptance Reporting System (BPAR) which solicits customer feedback on cost control, schedule performance, business relations, major subcontractor performance, management of key personnel and technical performance. Since incorporating this rating system, the PAC-3 team continues to receive high marks in all major areas keeping Boeing aligned to customer needs and exemplifies the commitment we have in this area.

| Demonstrate program performance in terms of schedule and budget | From a metric standpoint, Weapons Programs sets high benchmarks in areas such as schedule and quality. For example, all JDAMs and SDBs have been delivered on cost. JDAM has accumulated 112 months of on-time deliveries, and the SDB SDD program was completed under cost and ahead of schedule. |
| Provide the measure used to evaluate the program’s business success (operating margin, earned value or other indicator that can be released publicly) | Weapons Programs have a strong history of exceeding its commitments to its customers and in meeting or exceeding internal, corporate commitments. A balance of performance and financial metrics drive this success. The Weapons business has a robust set of business practices, which include Program Management Best Practices and business policies and procedures to ensure continued strong financial results. Over the past few years, Weapons Programs has developed manufacturing and office plans geared toward driving continued improvement in overall execution. By successfully implementing various execution or Lean plans, the programs’ overall financial commitment to the company have been exceeded while improving the capability of the products. Factors such as growth, productivity, execution, supplier management, quality, excellence in engineering and challenging metrics are taken into account by the leadership team to help make the right investments at the right time, which is reflected in the strong double digit operating margins the Weapons Programs has generated for the corporation. |
| Provide the measure you use for long-term contribution to the corporation/organization? | Long-term performance is essential when evaluating a business. To measure this element, we look at “economic profit” as a key measure of value. Economic profit is a risk-adjusted performance metric that measures the difference between the net operating profits after taxes, less the amount that could have been earned if capital were deployed elsewhere. A positive economic profit indicates that value is being added to the shareholder. The Weapons programs have consistently met or exceeded its economic profit objectives year after year. This has been driven by the exceptional execution on its main line programs. The net result is a Weapons business that consistently sits as one of the highest margin returning businesses with the Boeing Company. In addition to |
economic profit, we look at profitable growth and compound annual growth rate (CAGR) as other key measures. The Weapons program has seen positive growth with double digit returns over the past decade and continues to show a positive CAGR with the same strong returns, even as defense markets are showing signs of budget restrictions.

### Demonstrate employee satisfaction for your team

Weapons Programs participates in the IDS annual employee survey. The survey gauges how employees think and feel about their jobs, work environment and leaders. Results are analyzed, and leaders create action plans based on the feedback. Through the survey every employee has the opportunity to influence the way we operate.

Studies show, and Weapons Programs leadership understands, that by increasing employee engagement, organizations can expect up to a 20 percent increase in performance and an 87 percent reduction in an employee’s probability of departure. Highly engaged employees outperform average employees and are dramatically less likely to leave the organization. Premiere companies achieve continuous improvement by taking actions based on their employee surveys. To make the most of the survey results, Boeing managers are encouraged to follow a four-step process:

- Understand the survey results
- Prepare and give feedback to their employees
- Develop action plans that address issues
- Follow up on action plans

The organization has also adopted an open door policy and conducts management "walk-arounds," All-Hands meetings, regular staff meetings, exit interviews and focus group sessions to gain additional information about employee satisfaction. Utilizing employee survey tools and action planning, Weapons Programs’ 2007 Employee Engagement Summary score was 72 percent positive. (4 points higher than Boeing overall.)

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“We have a culture that sets high expectations of you, me and every employee. The Employee Survey helps foster an open culture in which everybody’s best ideas can make a difference.”
Jim Mcnerney, Chairman, President and CEO
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### What is the voluntary attrition rate for program employees?

- **2007:** 2.5%
- **2008 YTD:** 0.3%