



# First-Quarter 2007 Performance Review

**Jim McNerney**

Chairman, President and Chief Executive Officer

**James Bell**

Chief Financial Officer

April 25, 2007

# First Quarter Summary

Boeing | Investor Relations

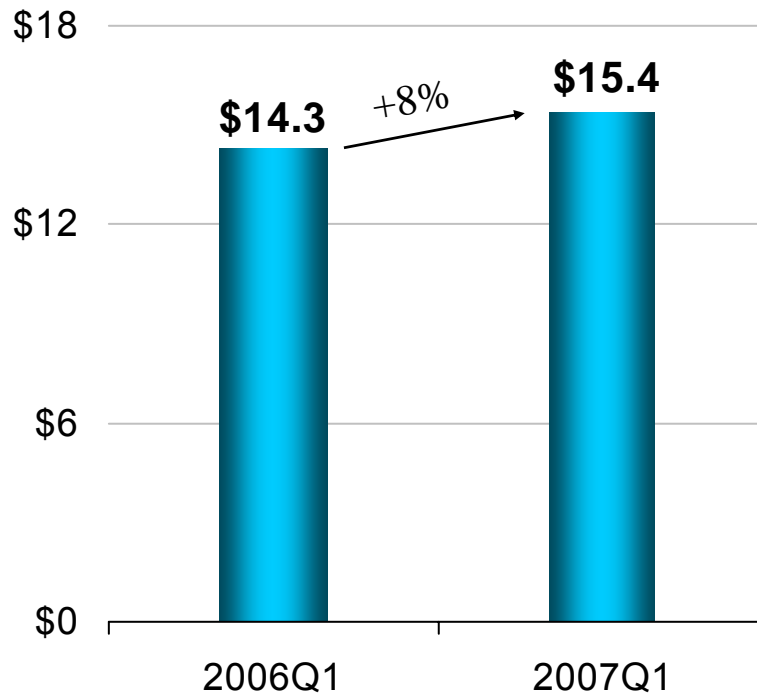
- **Strong growth in revenues, operating income and EPS**
  - Revenues +8%; Operating Income +36%; EPS +28%
- **Core businesses on track**
- **Lower centralized costs (unallocated and other expenses)**
- **Backlog expanded to a record \$262 billion... more than 4 times current revenues**
- **Development programs progressing... focused on maintaining product leadership and delivering value**
- **2007 and 2008 financial guidance reaffirmed**

***Strong Q1 results... growth outlook on track***

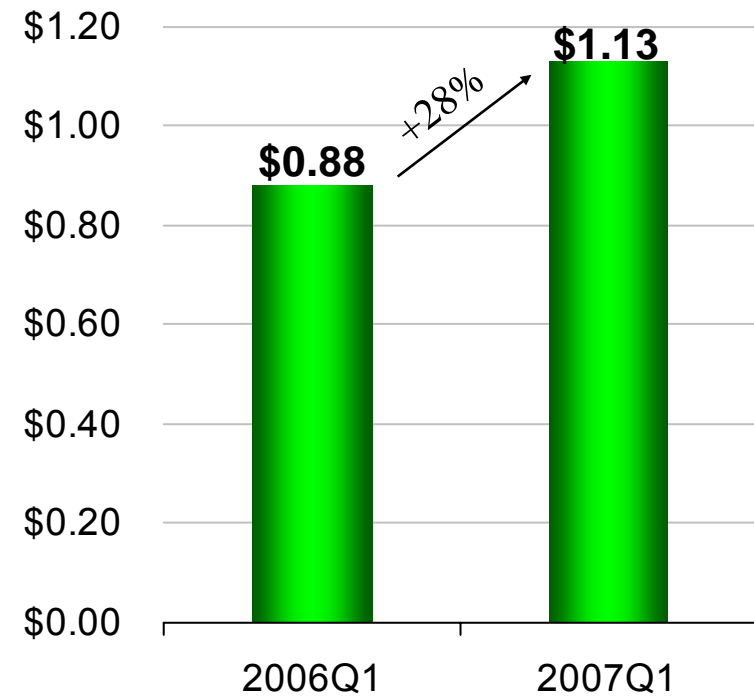
# First-Quarter Revenue and Earnings

Boeing | Investor Relations

Revenue, Billions



Earnings per Share



***Strong top-line and bottom-line growth***

# Commercial Airplanes

Boeing | Investor Relations

- **Strong performance as production ramps up**

- Delivered 106 airplanes in first quarter
- Strong margins with planned R&D increase

- **Continued backlog growth to record \$188 billion... about 6 times current revenues**

- Captured 189 gross airplane orders in 1Q07

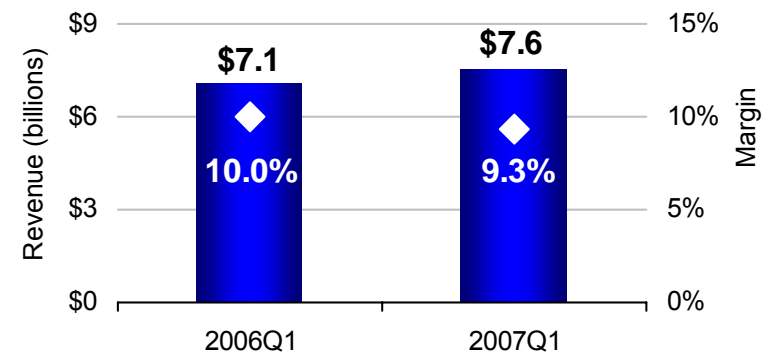
- **787 continues to make progress**

- Won 544 firm orders since launch
- Managing weight and schedule challenges
- Rollout in July; targeting first flight in late August; on track to make first delivery in May 2008

- **Achieved key milestones**

- Completed C-Map acquisition; delivered first 737-700ER to ANA; 747 program surpassed 1,500 orders

## Revenues & Operating Margins



**787 surpasses 500 customer orders**



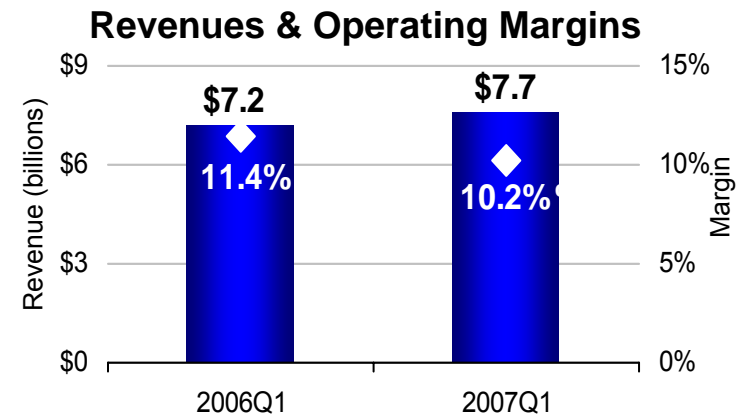
**First 737-700ER delivered to ANA**

***Focused on customers, productivity and growth***

# Integrated Defense Systems

Boeing | Investor Relations

- **Solid revenue growth and double-digit margins**
  - Revenue growth across all segments
  - Strong performance on support & production programs
- **Completing major milestones**
  - Successfully completed FCS experiment & soldier test
  - Performed GMD test of sea-based radar
  - Completed FAB-T critical design review
- **Awarded new and follow-on contracts**
  - F/A-18 Super Hornet selected by Australia
  - First international sale of CH-47F
  - Canada selects C-17



F/A-18 Super Hornet

*Focus on execution.....meeting customers' needs*

# Other Results

Boeing | Investor Relations

## ■ Boeing Capital Corporation

- Delivered increased earnings on smaller portfolio
- Reduced net debt by \$0.8 billion... approximately \$2 billion over last two years
- Aircraft financing market strength continues

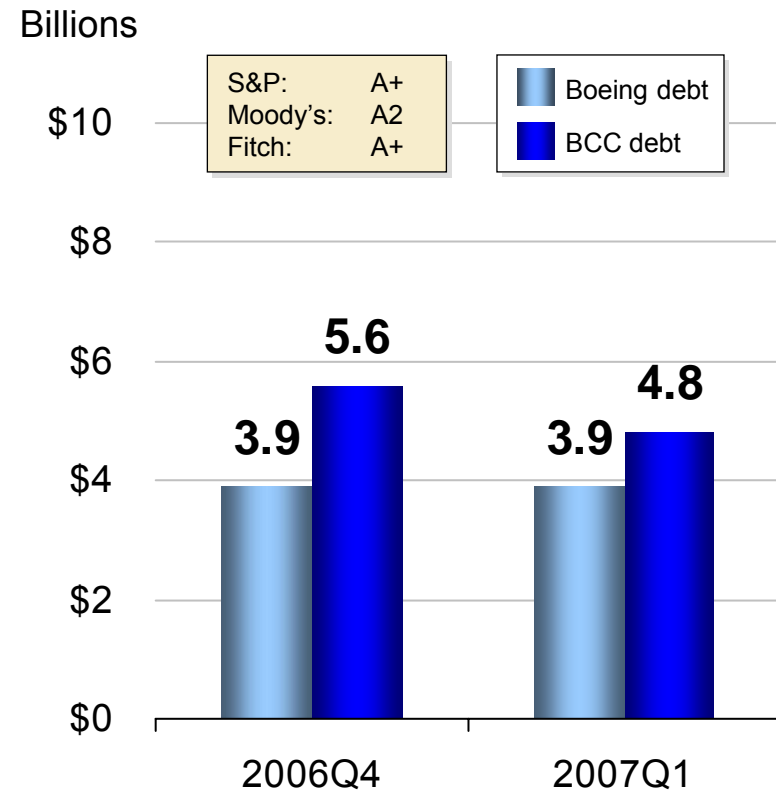
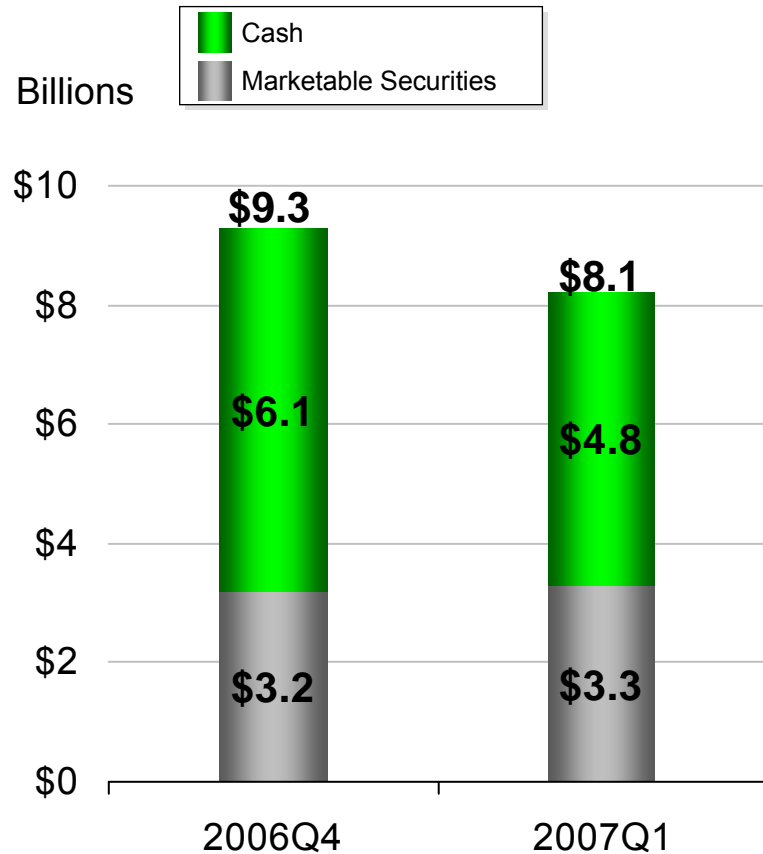
## ■ Other and Unallocated Expense

- Other expense declined \$59 million after Connexion exit
- Unallocated share-based and deferred compensation expenses declined by \$258 million
- Pre-tax (non-cash) pension expense increased as expected

***Boeing Capital delivering strong results and reducing risk;  
Boeing costs not allocated to business segments declining***

# Cash and Debt Balances

Boeing | Investor Relations



*Outstanding balance sheet strength and liquidity*

# Cash Flow

Boeing | Investor Relations

<b>\$ Billions</b>	<b>2006Q1</b>	<b>2007Q1</b>
Net Earnings	0.7	<b>0.9</b>
Depreciation/non-cash	0.8	<b>0.6</b>
Working Capital	1.1	<b>(0.3)</b>
Pension Contributions	<u>(0.5)</u>	<u><b>(0.5)</b></u>
<b>Operating cash flow</b>	2.1	<b>0.7</b>
Capital Expenditures	<u>(0.5)</u>	<u><b>(0.4)</b></u>
Free cash flow*	1.6	<b>0.3</b>

\* Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding these non-GAAP measures are provided in the company's earnings press release dated April 25, 2007.

- **Working capital growing as expected**
  - Timing of receipts / payables
  - Inventory build from production ramp-up
- **Balanced cash deployment**
  - Investment in growth programs
  - Contributed \$509 million to pensions
  - Repurchased 4.0 million shares for \$360 million
  - Paid 17% larger dividend

***Solid cash flow and balanced cash deployment***

# Financial Guidance

Boeing | Investor Relations

	<u>2007</u>	<u>2008</u>
<b>Revenues</b>	\$64.5B - \$65B	\$71B - \$72B
<b>Earnings Per Share</b>	\$4.55 - \$4.75	\$5.55 - \$5.75
<b>Operating Cash Flow<sup>1</sup></b>	>\$4B	>\$7B

<sup>1</sup>After \$0.5 billion in expected pension-plan contributions in each of 2007 and 2008.

*Forecasting strong growth*

# Forward-Looking Information Is Subject to Risk and Uncertainty

Boeing | Investor Relations

Certain statements in this report may constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements in this press release include, among others, statements regarding future results as a result of our growth and productivity initiatives, our 2007 and 2008 financial outlook and the benefits of the new IDS structure. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak only as of the date they were made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Our actual results and future trends may differ materially depending on a variety of factors, including the continued operation, viability and growth of major airline customers and non-airline customers (such as the U.S. Government); adverse developments in the value of collateral securing customer and other financings; the occurrence of any significant collective bargaining labor dispute; our successful execution of internal performance plans including our company-wide growth and productivity initiatives, production rate increases and decreases (including any reduction in or termination of an aircraft product), availability of raw materials, acquisition and divestiture plans, and other cost-reduction and productivity efforts; charges from any future SFAS No. 142 review; ability to meet development, production and certification schedules for the 787 program; technical or quality issues in development programs (affecting schedule and cost estimates) or in the satellite industry; an adverse development in rating agency credit ratings or assessments; the actual outcomes of certain pending sales campaigns and the timely launch of the 787 program and U.S. and foreign government procurement activities, including the uncertainty associated with the procurement of tankers by the U.S. Department of Defense (DoD) and funding of the C-17 program; the cyclical nature of some of our businesses; unanticipated financial market changes which may impact pension plan assumptions; domestic and international competition in the defense, space and commercial areas; continued integration of acquired businesses; performance issues with key suppliers, subcontractors and customers; significant disruption to air travel worldwide (including future terrorist attacks); global trade policies; worldwide political stability; domestic and international economic conditions; price escalation; the outcome of political and legal processes, changing priorities or reductions in the U.S. Government or foreign government defense and space budgets; termination of government or commercial contracts due to unilateral government or customer action or failure to perform; legal, financial and governmental risks related to international transactions; legal and investigatory proceedings; tax settlements with the IRS and various states; U.S. Air Force review of previously awarded contracts; costs associated with the exit of the Connexion by Boeing business; and other economic, political and technological risks and uncertainties. Additional information regarding these factors is contained in our SEC filings, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2006.

