



# Third-Quarter 2008 Performance Review

**Jim McNerney**

Chairman, President and Chief Executive Officer

**James Bell**

Corporate President and Chief Financial Officer

October 22, 2008

# Third-Quarter Summary

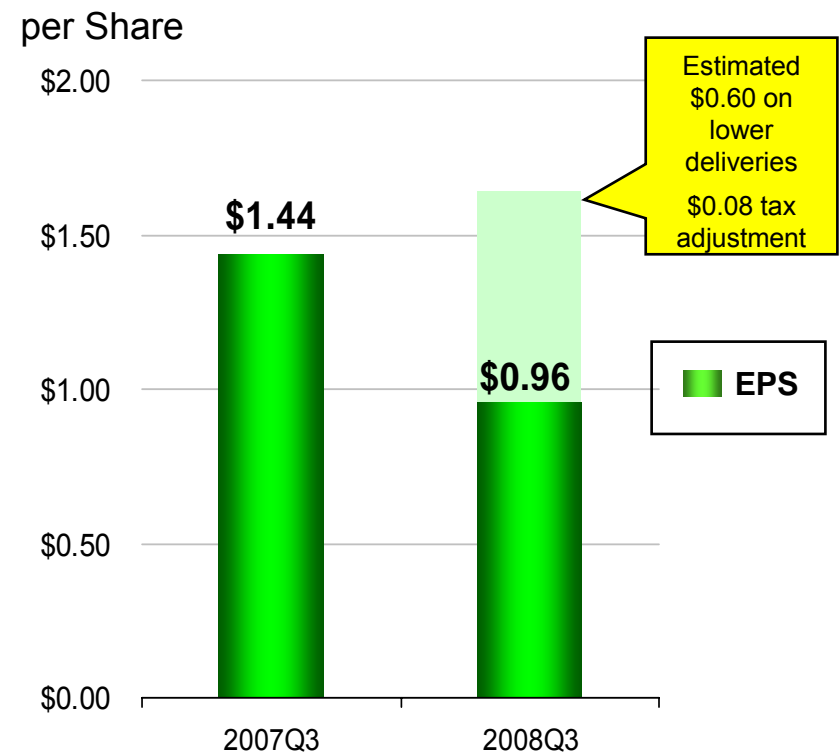
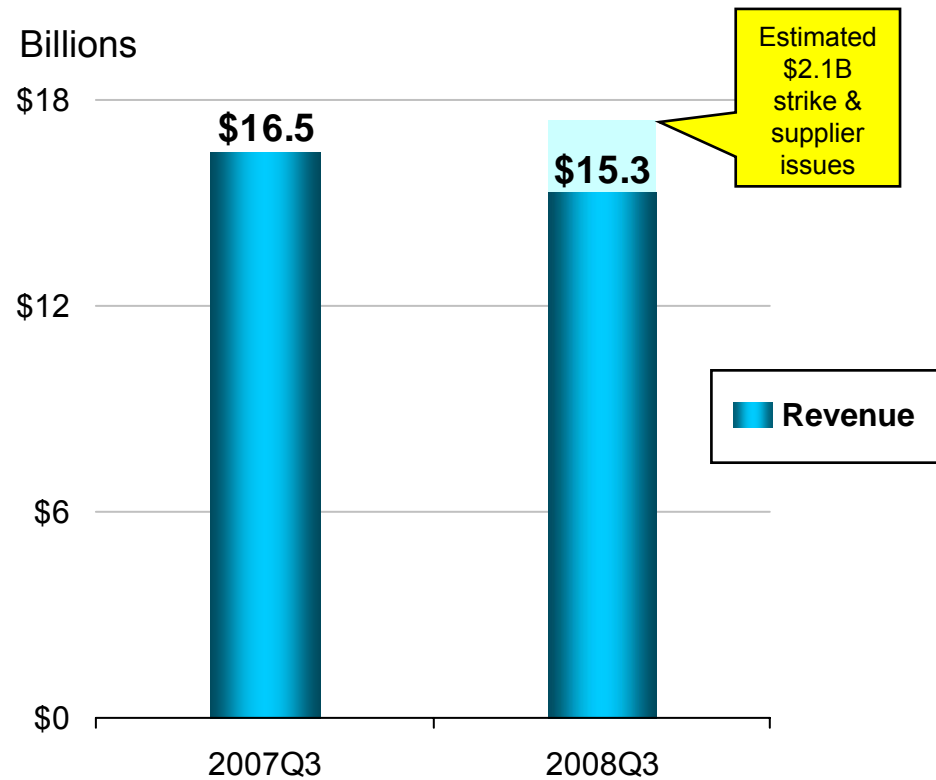
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- Revenues and earnings down...  
affected by labor strike and supplier issues
- Committed to resolving strike while protecting our ability to compete
- Galley shortage being worked...  
Expect that supplier will meet our delivery needs
- Record, well-diversified backlog of \$349 billion, up 7% year-to-date
- Vigilant focus on productivity... development programs progressing
- Environment remains volatile, but company is well-positioned
- Guidance to be provided after strike concludes

***Well-positioned for uncertain times***

# Revenue and Earnings

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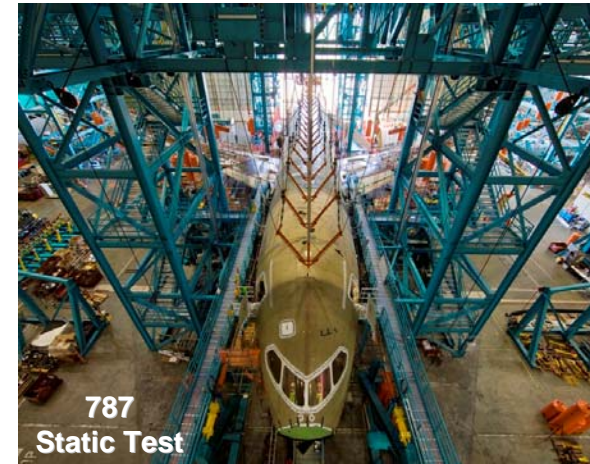
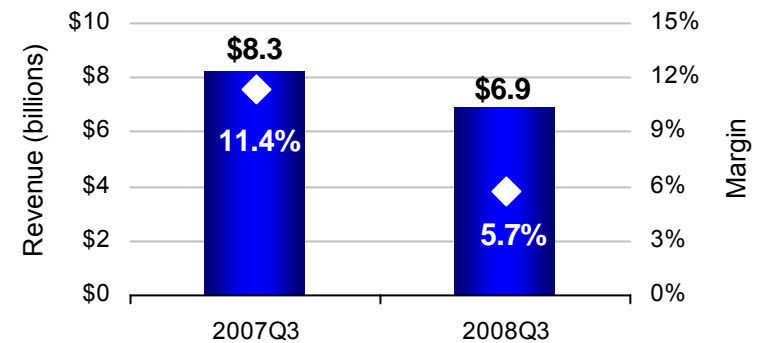
***Solid fundamentals... affected by strike and supplier issues***

# Commercial Airplanes

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- **3Q results impacted by IAM strike and supplier production challenges**
- **Delivered 84 airplanes in third quarter**
- **Continued sales success**
  - Captured 149 gross orders in 3Q; 625 year-to-date
  - Backlog increased to \$276 Billion
- **787 Progress**
  - Started assembly of 4th flight-test airplane
  - Completed hydraulic testing
  - Completed high pressurization test
  - Landing gear testing started
  - Flight controls testing started
- **747-8 Progress**
  - Freighter 95% engineering complete
  - First freighter begins production
  - Experiencing cost and schedule pressures
- **Critical suppliers continue to work during strike to support production restart**

## Revenues & Operating Margins

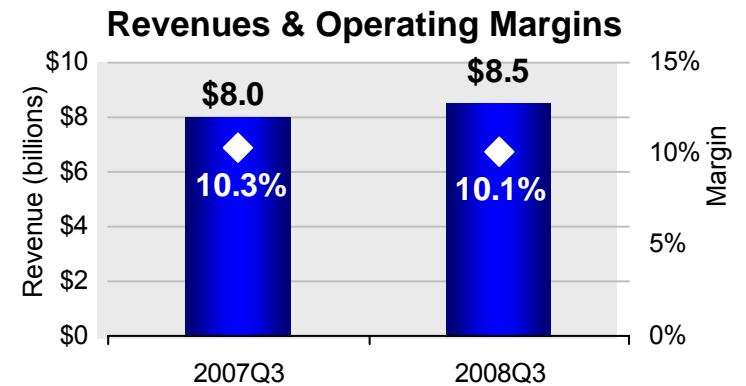


*Focused on customers, productivity and growth*

# Integrated Defense Systems

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- **Executing well-balanced defense portfolio**
  - Delivered 30 production aircraft and launched 1 satellite
  - Apache Block III and Singapore F-15 first flight
  - Airborne Laser completes major milestone
- **Capturing new and follow-on business**
  - US Army awards CH-47 multi-year contract
  - Government of Qatar orders C-17s
  - International Space Station contract extension
- **Acquisition of Insitu and Tapestry**
- **Robust backlog of \$73 Billion**



CH-47 Chinook

*Focused on the customer, committed to execution*

# Other Results

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## ■ Boeing Capital Corporation

- Reducing portfolio size while supporting business units
- Delivered pre-tax income of \$37 million on \$171 million in revenues
- Maintaining a conservative financial position focused on risk retirement
- Aircraft financing market adapting to tightness in broader credit markets

## ■ Other and Unallocated Expense

- Other Segment expense increased \$48 million, in line with last year's results
- Unallocated expenses declined by \$195 million, driven by lower deferred compensation and pension expenses
- Pre-tax (non-cash) pension expense decreased as expected to \$176 million

***Solid financing results and declining centralized costs***

# Cash Flow

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<b>\$ Billions</b>	<b>2007Q3</b>	<b>2008Q3</b>
Net Earnings	1.1	<b>0.7</b>
Depreciation/non-cash	0.4	<b>0.4</b>
Working Capital	1.8	<b>(1.6)</b>
Pension Contributions	<u>(0.0)</u>	<u><b>(0.0)</b></u>
<b>Operating cash flow</b>	3.3	<b>(0.4)</b>
Capital Expenditures	<u>(0.4)</u>	<u><b>(0.5)</b></u>
Free cash flow*	2.9	<b>(0.9)</b>

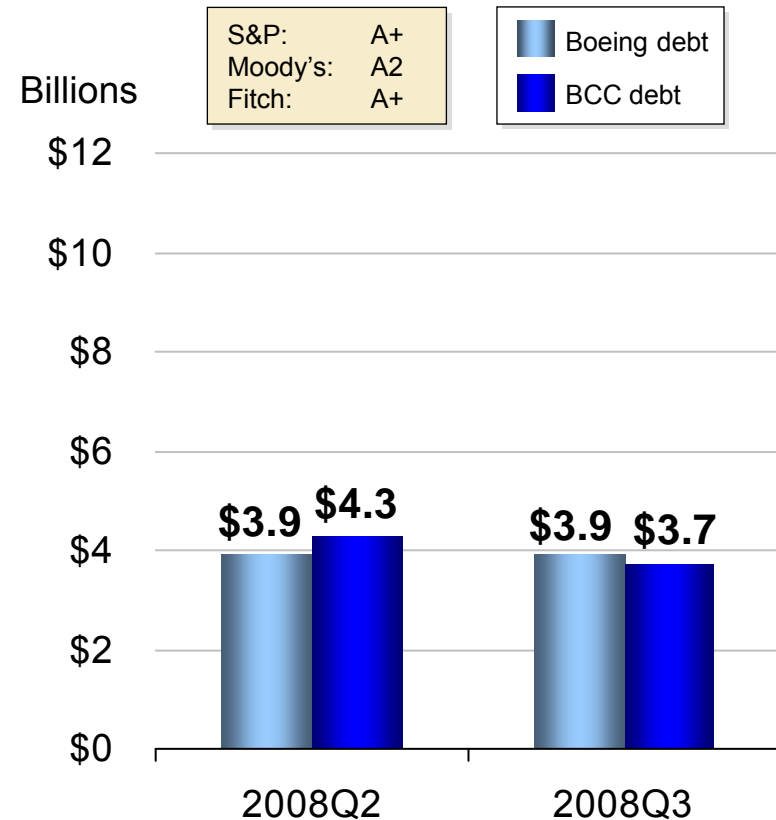
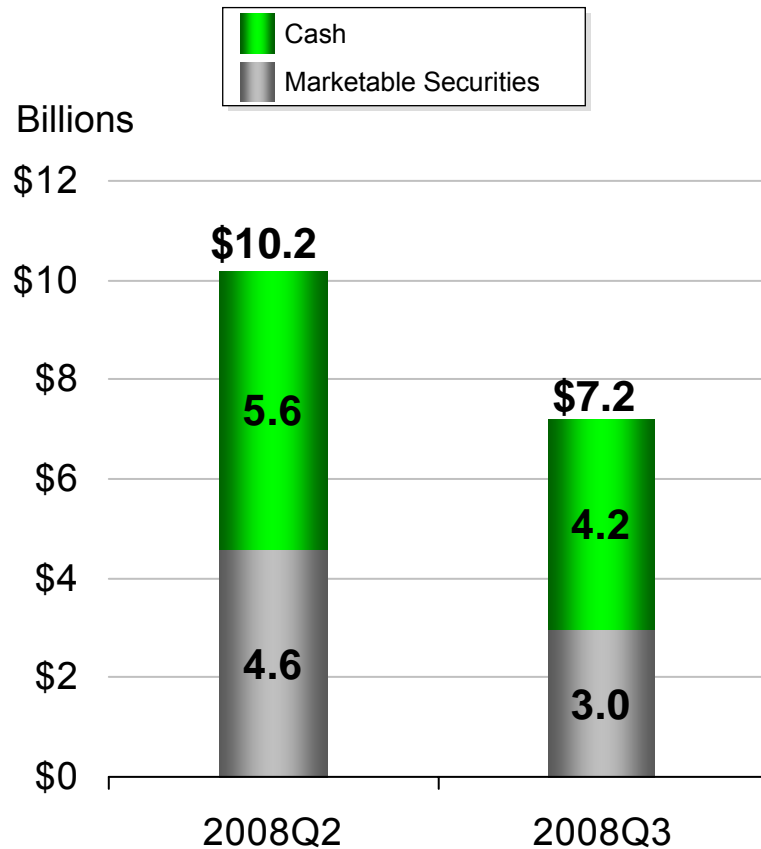
- **Cash flow used to fund growth**
  - Working capital requirements for 787 development
  - Labor strike
- **Balanced cash deployment**
  - Investment in growth programs
  - Repurchased 7.9 million shares for \$519 million and paid \$295 million in dividends

\*Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding these non-GAAP measures are provided in the company's earnings press release dated October 22, 2008.

***Investing for future growth and shareholder return***

# Cash and Debt Balances

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*Outstanding liquidity... reduced debt levels*

# Financial Guidance

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	<u>2008</u>	<u>2009</u>
<b>Revenues</b>	<del>\$67B - \$68B</del>	<del>\$72B - \$73B</del>
<b>Earnings Per Share</b>	<del>\$5.70 - \$5.85</del>	<del>\$6.80 - \$7.00</del>
<b>Operating Cash Flow<sup>1</sup></b>	<del>&gt;\$2.5B</del>	<del>&gt;\$0B</del>

<sup>1</sup>After \$0.5 billion in pension-plan contributions in each of 2008 and 2009.

*Will provide updated guidance after strike concludes*

# Forward-Looking Information Is Subject to Risk and Uncertainty

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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 2008 and 2009 financial outlook and the benefits of the 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 and the ability to meet scheduled deliveries of the 787 airplane; 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 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, 2007 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008.

