



Fourth-Quarter and Full-Year 2009 Performance Review

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January 27, 2010

2009 Summary

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- Results reflect strong core operating performance amid challenging markets
- Q4 earnings strong; 2009 impacted by 787 and 747
- Outstanding cash flow performance
- Strong fundamental product-and-services strategies
- 787 entered flight-test phase; production ramp-up progressing
- Well-diversified backlog at \$316 billion

Operating engine running well... working through challenges

Business Environment

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- Global economy stabilizing, but fragile
- Defense budget uncertainties and opportunities
- Aircraft financing market gradually improving
- Large, diversified backlog provides relative strength in uncertain times
- Longer-term, commercial aviation remains growth industry and defense markets will trend with threat environment

Focus on improving competitiveness

2009 Financial Results

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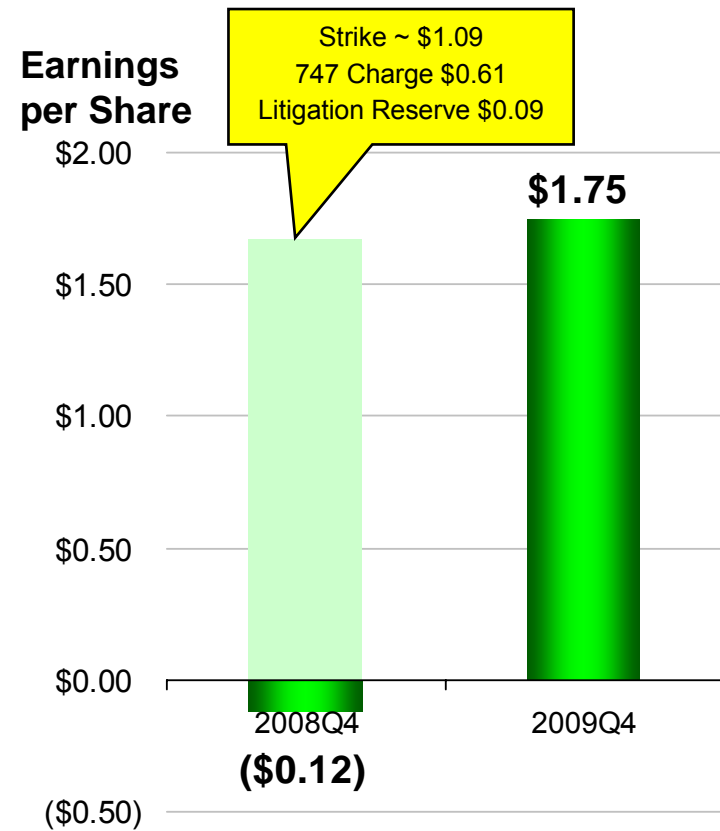
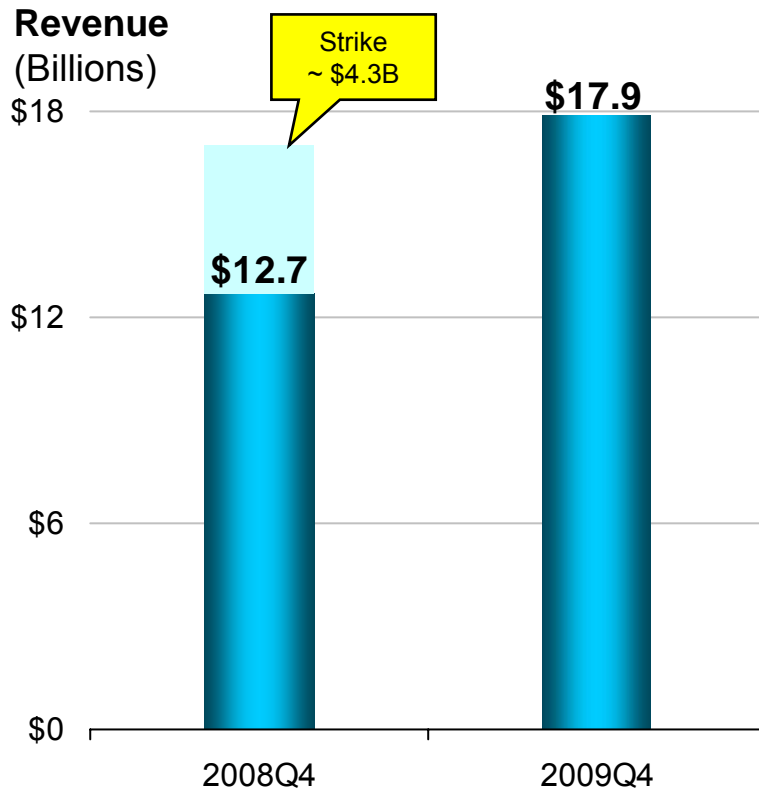
	<u>2008*</u>	<u>2009</u>
<i>Revenue</i>	\$60.9B	\$68.3B
<i>Operating Income</i>	\$4.0B	\$2.1B*
<i>Reported EPS</i>	\$3.67	\$1.84*
<i>Operating Cash Flow</i>	(\$0.4B)	\$5.6B

* The reclassification of costs for the first three 787 flight test airplanes from program inventory to R&D expense reduced 2009 operating earnings by \$2.7 billion and EPS by \$2.38; 747 charges resulting from higher costs and difficult market conditions reduced operating earnings by \$1.4 billion and EPS by \$1.20. In 2008, revenue was reduced by an estimated \$6.4 billion due to a labor strike; operating earnings in 2008 were reduced by \$2.8B, or \$2.56 per share, primarily due to a labor strike and higher costs on 747; and operating cash flow was reduced by \$2.5 billion due to the labor strike.

Solid core performance... affected by reclassifications and charges

Fourth-Quarter Revenue and Earnings

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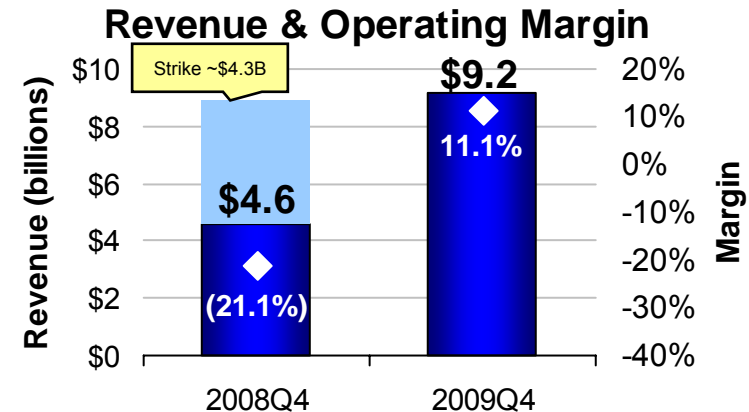


Results reflect solid core operating performance

Commercial Airplanes

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- **Continued strong performance in production and services programs**
- **Delivered 122 airplanes in Q4, 481 in 2009**
 - Record deliveries for the 737 and 777 programs
- **Won 82 gross orders in Q4, 263 in 2009**
 - Net orders impacted by cancellations
 - Well-balanced and diversified backlog of \$250 Billion
- **787 Progress**
 - Achieved 787 first flight
 - Selected South Carolina for 787 second line
 - Acquired remaining Global Aeronautica operations
- **747-8 Progress**
 - Assembly completed on first freighter, ground testing underway
 - Intercontinental surpassed 90% detail design milestone

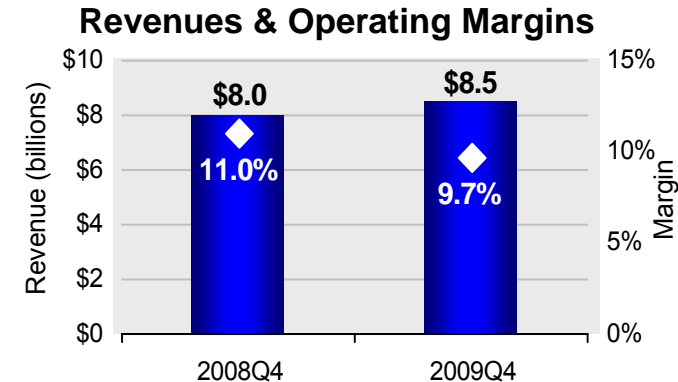


Focused on execution, quality, and productivity

Defense, Space & Security

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- **Executing well-balanced defense portfolio**
 - EA-18G approved for full-rate production
 - BCT-M Increment 1 approved for low-rate initial production
 - Apache Block III successfully completes flight test
 - Delivered 32 production aircraft and 1 satellite in Q4
- **Capturing new and follow-on business**
 - C-17: UAE and UK order 7; US approves funding for 10
 - Department of Energy Smart Grid Grants
 - UK to acquire additional Chinooks
 - KC-135 PDM reinstated
- **Strong performance on production & support programs**
- **Robust backlog of \$65 billion**



EA-18G

Focused on execution... meeting customers' needs

Other Results

▪ **Boeing Capital Corporation**

- Portfolio run-off and depreciation exceeded new financings of \$766 million in 2009
- New debt issuance to replace upcoming maturities
- Delivered pre-tax income of \$14 million in Q4 and \$126 million in 2009

▪ **Other and Unallocated Expense**

- Unallocated expenses increased driven by higher deferred compensation, lower unallocated pension
- Higher debt level and lower interest earned on cash balances reduced earnings during the year

▪ **Pension Plans**

- 2009 Plan Results: ~ 15% asset return, 5.8% discount rate, 88% funded status
- Expense of \$0.9 billion in 2009... \$1.2 billion expected in 2010, some of which reimburseable
- 2009 funding of \$1.5 billion in stock; 2010 funding requirements expected to be minimal

Supporting businesses and managing risks

Cash Flow

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\$ Billions	2008	2009
Net Earnings	2.7	1.3
Depreciation/non-cash	1.8	2.4
Working Capital ¹	(4.4)	2.0
Pension Contributions	<u>(0.5)</u>	<u>(0.1)</u>
Operating cash flow	(0.4)	5.6
Free cash flow*	(2.1)	4.4

¹ Excluding pension contributions

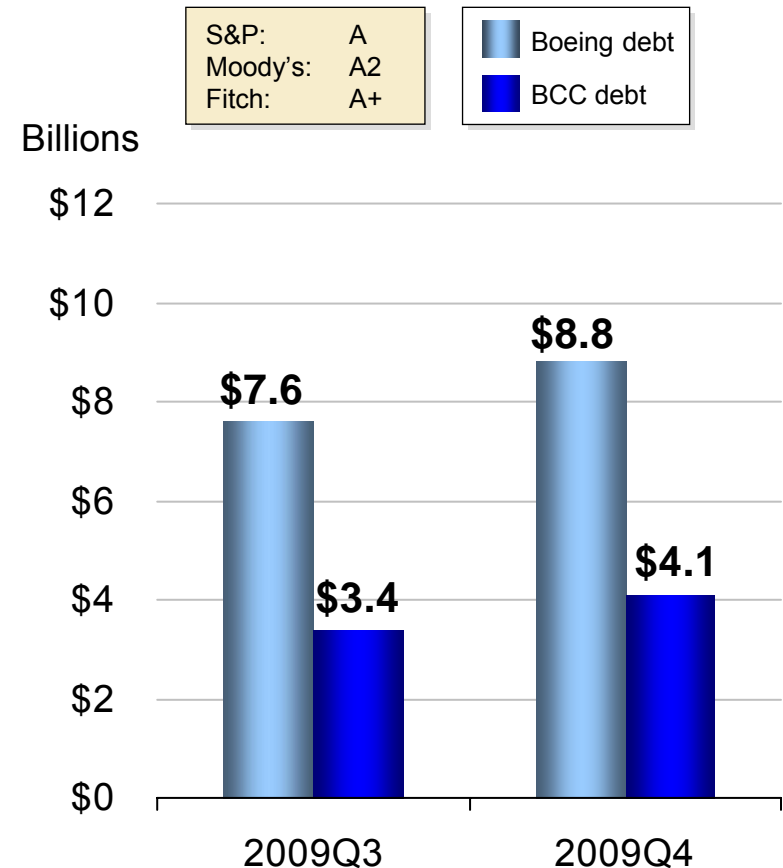
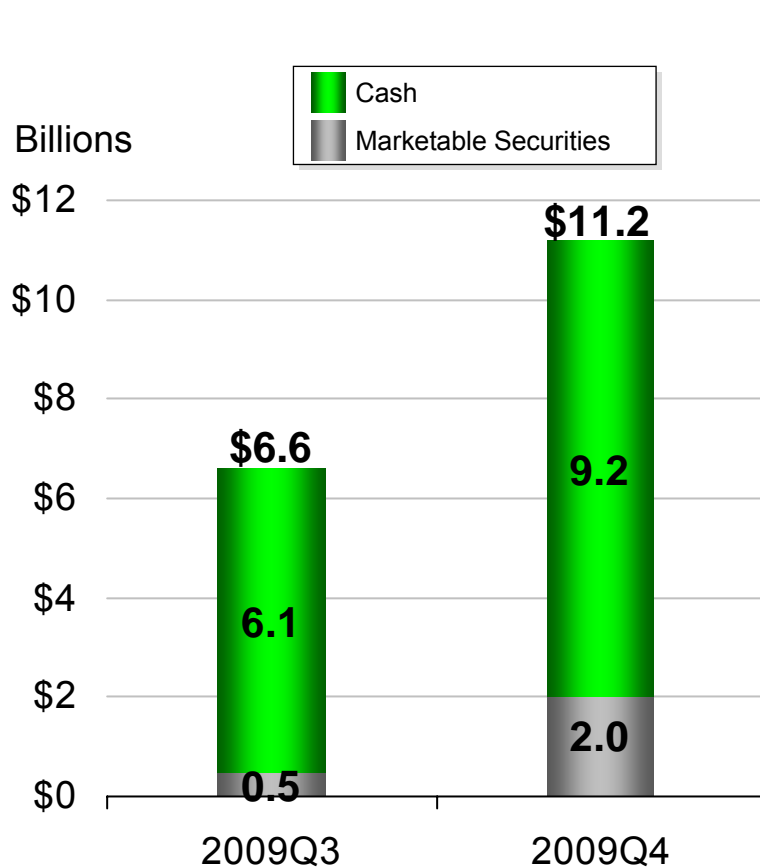
* Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated January 27, 2010.

- **Strong working capital management**
 - Disciplined cash management mitigating development program investments
 - No impact to cash flows from 787 cost reclassification and 747 charges... earnings reduction offset by working capital reduction
- **Funding operations and growth**
 - Discretionary pension contribution of \$1.5 billion in Boeing stock... improved funding status of plans while conserving cash
- **Strengthened Liquidity**
 - Strong operating cash flows & new debt

Investing for future growth

Cash and Debt Balances

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S&P: A
Moody's: A2
Fitch: A+

Boeing debt
BCC debt

Strengthened liquidity with attractive debt markets

Financial Guidance

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2010

Revenues

\$64B - \$66B

Earnings Per Share

\$3.70 - \$4.00

Operating Cash Flow¹

~ \$0B

¹Assumes cash pension contributions <\$0.1 billion and <\$0.5 billion in new aircraft financings in 2010

Solid operating performance, lower volumes, considers risks

EPS & BCA Margin Walk from 2009 to 2010

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	<u>EPS</u>	<u>BCA Margin</u>
2009 Actual	\$1.84	-1.7%
2009 charges... <i>787 reclassification = \$2.38; 747 charges = \$1.20 (Q1 & Q3)</i>	3.58	11.9%
Subtotal*	5.42	10.2%
BCA volume and mix	~ (0.50)	-0.9%
BDS volume... <i>reduced scope in Army modernization and missile defense</i>	~ (0.10)	
R&D... <i>BCA operating model adjustment timing & transition</i>	~ (0.20)	-0.6%
787 fleet support investment	~ (0.10)	-0.4%
Pension expense... <i>\$0.3B increase, a portion reimburseable</i>	~ (0.10)	
BDS performance... <i>productivity, 2009 charges on development programs</i>	~ 0.15	
Higher interest expense and share count	~ (0.25)	
Other... <i>BCA investment in productivity tools, cost shifts, provisions for risks</i>	~ (0.45)	-1.3%
2010 Guidance issued on January 27, 2010	\$3.70 - 4.00	6.5% - 7.5%

* Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are appended to this document.
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Forward-Looking Information Is Subject to Risk and Uncertainty

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “will,” “should,” “expects,” “intends,” “projects,” “believes,” “estimates,” “targets,” “anticipates,” and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding [our guidance relating to 2010 and 2011 financial and operating performance], as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Among these factors are: (1) general conditions in the economy and our industry, including those due to regulatory changes; (2) risks attributable to our reliance on our commercial customers, our suppliers and the worldwide market; (3) risks related to our dependence on U.S. government contracts; (4) our reliance on fixed-price contracts, which could subject us to losses in the event of cost overruns; (5) risks related to cost-type contracts; (6) uncertainties concerning contracts that include in-orbit incentive payments; (7) changes in accounting estimates; (8) significant changes in discount rates and actual investment return on pension assets; (9) work stoppages or other labor disruptions; (10) changes in the competitive landscape in the markets in which we operate; (11) risks related to our doing business in other countries, including sales to non-U.S. customers; (12) potential adverse developments in new or pending litigation and/or government investigations; (13) changes in the financial condition or regulatory landscape of the commercial airline industry as they relate to Boeing Capital Corporation; (14) changes in our ability to obtain debt on commercially reasonable terms and at competitive rates in order to fund our operations and contractual commitments; (15) risks related to realizing the anticipated benefits of merger, acquisitions, joint ventures/strategic alliance or divestitures; (16) adequacy of our insurance coverage to cover significant risk exposures; and (17) potential business disruptions related to physical security threats, IT attacks or natural disasters.

Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement made in this document speaks only as of the date on which it is made, and we assume no obligation to publicly update any forward-looking statement, except as required by law.



Non-GAAP Measure Disclosure

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The Boeing Company and Subsidiaries
Reconciliation of Non-GAAP Measures
Subtotal of Full-Year 2009 Earnings-per-share and Boeing Commercial Airplanes Operating Margin Excluding 787 Cost Reclassification and 747 Charges
(Unaudited)

In addition to disclosing results that are determined in accordance with U.S. generally accepted accounting principles (GAAP), the company also discloses non-GAAP results that exclude certain significant charges or credits that are important to an understanding of the company's ongoing operations. The company provides reconciliations of its non-GAAP financial reporting to the most comparable GAAP reporting. The company believes that discussion of results excluding certain significant charges or credits provides additional insights into underlying business performance. Earnings-per-share Excluding 787 Cost Reclassification and 747 Charges and Boeing Commercial Airplanes Operating Margin Excluding 787 Cost Reclassification and 747 Charges are not measures recognized under GAAP. The determination of significant charges or credits may not be comparable to similarly titled measures used by other companies and may vary from quarter to quarter.

	Year Ended December 31, 2009	
	Earnings Per Share	BCA Operating Margin
GAAP Results	\$1.84	(1.7%) <i>a</i>
Costs reclassified to R&D for first three 787 flight-test airplanes through December 2009	\$2.38	7.9% <i>b</i>
Charges for increase to 747 reach-forward loss	\$1.20	4.0% <i>c</i>
"Subtotal" 2009 Earnings-per-share and Boeing Commercial Airplanes Operating Margin Excluding 787 Cost Reclassification and 747 Charges	\$5.42	10.2%
Weighted average diluted shares (in millions)	713.4 million	

- a* Represents Earnings per Share and Commercial Airplanes reported segment loss from operations of \$583 million, expressed as a percentage of Commercial Airplanes revenues of \$34,051 million.
- b* Represents the reclassification to research and development expense of costs included in inventory for the first three 787 flight-test airplanes through July 2009, totaling \$2,481 million, and additional production costs for those airplanes of \$212 million incurred in August through December 2009, expressed as earnings-per-share and as a percentage of Commercial Airplanes revenues. The earnings per share amount is presented net of income taxes of 36.9 percent.
- c* Represents 747 reach-forward losses of \$1,352 million, expressed as earnings-per-share and as a percentage of Commercial Airplanes revenues. The earnings per share amount is presented net of income taxes of 36.9 percent.