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BOEING REPORTS 1995 2ND QUARTER RESULTS

	2nd Quarter		Six Months Ended June 30,	
	1995	1994	1995	1994
	(\$ in millions except per share data)			
Sales	\$5,558	\$5,396	\$10,595	\$11,741
Net earnings before special retirement program charge	\$254	\$222	\$435	\$514
Net earnings (loss)	\$(231)	\$222	\$(50)	\$514
Earnings per share before special retirement program charge	\$.74	\$.65	\$1.27	\$1.51
Net earnings (loss) per share	\$(.68)	\$.65	\$(.15)	\$1.51
Average shares (millions)	341.6	340.5	341.4	340.4

SEATTLE, July 25, 1995 – Sales of \$5.6 billion and a net loss of \$231 million or \$.68 per share, reflecting recognition of the one-time pre-tax charge of \$600 million for the recently offered special retirement program, were reported by Frank Shrontz, Boeing chairman and chief executive officer. Without the one-time special retirement program charge, net earnings for the second quarter would have been \$254 million or \$.74 per share. Comparable figures for the second quarter of 1994 were sales of \$5.4 billion and net earnings of \$222 million or \$.65 per share.

Sales for the first six months of 1995 were \$10.6 billion, compared with \$11.7 billion for the same period in 1994. Excluding the one-time special retirement program charge, year-to-date earnings were \$435 million or \$1.27 per share, compared with \$514 million or \$1.51 per share for the first six months of 1994.

Shrontz stated that the special retirement program was favorably received and is expected to provide substantial benefits as the Company continues to pursue major process improvement initiatives. With approximately 9,500 individuals accepting the one-time early retirement incentive, reduced employment levels are being achieved while minimizing layoffs and retaining a favorable mix of skills.

The after-tax impact of the one-time special retirement program charge of \$600 million will be \$390 million as of yearend, but was \$485 million as of June 30 because of financial reporting requirements to use an estimated annualized income tax rate for interim periods.

The higher earnings in the second quarter compared with the same period last year, excluding the one-time special retirement program charge, were principally due to lower research and development expense. Research and development expense for the quarter was \$331 million, down from \$473 million in the second quarter of 1994. Partially offsetting the effect of the reduced research and development was the lower sales level of commercial jet transport programs other than the 777.

Shrontz stated that the first 777 delivery in May to United Airlines with ETOPS certification, which culminated a five-year partnership to design and build the most advanced high-utility commercial jet transport available, represents a major milestone in the history of The Boeing Company. Five of the new 777 wide-body twinjets were delivered during the second quarter, and 14 are scheduled for delivery during the balance of 1995, principally in the fourth quarter.

Shrontz said he is pleased with the market acceptance of the new offerings in the 777 and 737 product lines. During the second quarter Saudi Arabian Airlines (Saudia) announced its order for 23 777-200s, bringing cumulative announced orders for the new 777 to 167. Additionally, EVA Airways and China Airlines of the Republic of China each announced their intention to order 777-200s; and All Nippon Airways, Cathay Pacific Airways, Korean Air Lines, and Thai Airways International each announced their intention to order 777-300s, a stretch version of the 777 that will first deliver in 1998. Development of the new 737-600, -700, -800 series is proceeding on schedule for first delivery of the 737-700 in the fall of 1997.

Shrontz noted that the world's airlines generally are continuing to experience favorable operating trends, an important condition in the Company's long-range market forecast of increased demand for commercial jet transports. Order activity in the first six months was up significantly over 1994. While the longer-term commercial aircraft market opportunities appear to be substantial, the market environment is expected to remain highly competitive. Major process improvement initiatives currently under way will help ensure the Company is positioned to maintain or improve market share while maintaining acceptable operating profit margins.

The diversified programs of the Defense and Space segment continue to perform well, with major schedule and technical milestones being met. Defense and Space sales for the first half of 1995 are up approximately 17% over 1994, consistent with the Company's yearend projection. Overall operating profit margin for the segment is expected to be somewhat lower for the year due to the mix of program sales and increased company sponsored product development. During the second quarter the final MH-47E Special

Operations Forces helicopter was delivered to the U.S. Army, completing the 25 aircraft program, and the first RAH-66 Comanche helicopter was unveiled at a rollout ceremony at Sikorsky's Connecticut plant. First flight of the Comanche prototype is scheduled for the fourth quarter of this year.

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OPERATING AND FINANCIAL DATA

Commercial Jet Transport Deliveries

	<u>2nd Quarter</u>		<u>Six Months</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
737	26	32	55	71
747	8	10	16	25
757	13	14	27	30
767	8	11	16	23
777	<u>5</u>	<u>—</u>	<u>5</u>	<u>—</u>
Total	<u>60</u>	<u>67</u>	<u>119</u>	<u>149</u>

	Six Months Ended June 30,	
	<u>1995</u>	<u>1994</u>
	(\$ in millions)	
Revenues:		
Commercial aircraft	\$7,781	\$9,335
Defense and space, other	\$2,814	\$2,406
Income associated with notes receivable and sales-type leases included in commercial aircraft revenues	\$94	\$88
Research & development expense	\$735	\$892
Operating earnings before special retirement program charge	\$539	\$702
Special retirement program pre-tax charge	\$600	
Interest and debt expense	\$79	\$57
Corporate investment income	\$87	\$49
Pre-tax earnings before special retirement program charge	\$547	\$695
Pre-tax earnings (loss) after special retirement program charge	\$(53)	\$695
Effective income tax rate	6.0%	26.0%

Total commercial aircraft deliveries are currently estimated at 235 for the full year 1995. Consolidated sales for 1995 are currently projected to be in the \$21-22 billion range, compared with \$21.9 billion in 1994.

Based on current programs and schedules, research and development expense for the full year 1995 is now projected to be in the \$1.4 billion range, compared with \$1.7 billion in 1994.

Interest expense is higher in 1995 due to less debt interest being capitalized in connection with new facilities, equipment and program tooling investments.

The lower effective income tax rate for 1995 is due to the recognition of higher tax benefits associated with research and experimentation tax credits, primarily associated with the initial 777 development program that substantially completes in 1995, together with the second quarter earnings charge for the special retirement program. The 6.0% effective

tax rate for the first half of 1995 is expected to be representative of the final effective income tax rate for the full year 1995. The effective rate for the full year 1994 was 25.1%.

	<u>June 30,</u> <u>1995</u>	<u>March 31,</u> <u>1995</u>	<u>Dec. 31,</u> <u>1994</u>
	(\$ in billions)		
Cash & short-term investments	\$3.5	\$2.8	\$2.6
Borrowing	\$2.6	\$2.6	\$2.6
Inventories:			
Gross	\$12.2	\$11.8	\$11.3
Net	\$5.4	\$5.3	\$5.0
Customer financing	\$2.7	\$3.2	\$3.3
Contractual backlog:			
Commercial aircraft	\$57.6	\$58.4	\$60.6
Defense and space, other	<u>4.9</u>	<u>5.7</u>	<u>5.7</u>
	<u>\$62.5</u>	<u>\$64.1</u>	<u>\$66.3</u>

Not included in contractual backlog are purchase options and announced orders for which definitive contracts have not been executed and orders from customers who have filed for bankruptcy protection. U.S. Government and foreign military backlog is limited to amounts obligated to contracts. Unobligated amounts under U.S. Government contracts not included in backlog at June 30, 1995, total \$9.0 billion, compared with \$8.5 billion at March 31, 1995, and \$5.9 billion at December 31, 1994.

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