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BOEING REPORTS 1995 3RD QUARTER RESULTS

	<u>3rd Quarter</u>		<u>Nine Months Ended</u> <u>September 30</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	(\$ in millions except per share data)			
Sales	\$4,381	\$5,063	\$14,976	\$16,804
Net earnings	\$225	\$185	\$175	\$699
Earnings per share	\$.66	\$.54	\$.51	\$2.05
Net earnings exclusive of 2nd quarter special retirement program charge			\$624	\$699
Earnings per share exclusive of 2nd quarter special retirement program charge			\$1.83	\$2.05
Average shares (millions)	342.5	340.7	341.8	340.5

SEATTLE October 26, 1995 - Sales of \$4.4 billion and net earnings of \$225 million or \$.66 per share for the third quarter of 1995 were reported by Frank Shrontz, Boeing chairman and chief executive officer. Comparable figures for 1994 were sales of \$5.1 billion and net earnings of \$185 million or \$.54 per share.

Sales for the nine months ended September 30, 1995 were \$15.0 billion with net earnings of \$624 million or \$1.83 per share exclusive of the special retirement charge recorded in the second quarter. Comparable figures for 1994 were sales of \$16.8 billion and net earnings of \$699 million or \$2.05 per share. Net earnings for the first nine months of 1995 including the one-time special retirement pre-tax charge of \$600 million were \$175 million, or \$.51 per share.

The higher earnings in the third quarter compared with the same period last year were principally due to lower research and development expense and a lower effective income tax rate, largely offset by fewer commercial jet transport deliveries.

The lower net earnings for the nine-month period, excluding the special retirement program charge, were primarily attributable to fewer commercial jet transport deliveries, partially offset by reduced research and development expense and a lower effective federal income tax rate.

Shrontz stated that the three-week-old strike by the International Association of Machinists and Aerospace Workers (IAM), which represents approximately 33,000 hourly employees, will result in a substantial number of delayed deliveries for the fourth quarter, with a corresponding decrease in earnings. He added the Company is striving to negotiate an agreement that balances the interests of employees, customers and shareholders. The labor agreement with the United Auto Workers (UAW), representing approximately 2,500 hourly employees at the Company's Philadelphia plant, expired on October 5, and has been extended on a day-to-day basis with a 10-day advance notification. Labor agreements with the Company's engineering employees' bargaining units, representing approximately 21,000 employees, expire in early December.

Shrontz noted that despite some delays in the certification schedule for the new 777 powered by General Electric engines, and potential minor delays associated with certifying certain customer-furnished items, overall 777 certification and production activities are progressing well. The initial GE-powered 777, which was originally scheduled to be delivered to British Airways in late September, is currently expected to be delivered in November. The latest new commercial derivative, a freighter version of the 767, completed its certification process and was first delivered to United Parcel Service earlier this month. The 767 Freighter shares substantial commonality with the 757 Freighter and offers flexible payload and range capabilities.

OPERATING AND FINANCIAL DATA

Commercial Jet Transport Deliveries

	<u>3rd Quarter</u>		<u>Nine Months</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
737	25	25	80	96
747	4	7	20	32
757	12	23	39	53
767	8	10	24	33
777	<u>2</u>	<u>—</u>	<u>7</u>	<u>—</u>
Total	<u>51</u>	<u>65</u>	<u>170</u>	<u>214</u>

Nine Months Ended September 30,

1995 1994

(\$ in millions)

Revenues:

Commercial aircraft	\$10,828	\$13,178
Defense and space	4,148	3,626
Income associated with notes receivable and sales-type leases included in commercial aircraft revenues	130	130
Research & development expense	994	1,314
Operating earnings before special retirement program charge	762	929
Special retirement program pre-tax charge	600	
Interest and debt expense	118	90
Corporate investment income	147	90
Pre-tax earnings before special retirement program charge	791	929
Pre-tax earnings after special retirement program charge	191	929
Effective income tax rate	8.4%	24.7%

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 will be substantially complete in 1995, together with the second quarter earnings charge for the special retirement program.

	<u>Sept. 30,</u> <u>1995</u>	<u>June 30,</u> <u>1995</u>	<u>Dec. 31,</u> <u>1994</u>
	(\$ in billions)		
Cash & short-term investments	\$4.2	\$3.5	\$2.6
Borrowings	2.6	2.6	2.6
Customer financing	2.1	2.7	3.3
Inventories:			
Gross	13.1	12.2	11.3
Net	5.9	5.4	5.0
Contractual backlog:			
Commercial aircraft	\$59.9	\$57.6	\$60.6
Defense and space	<u>5.7</u>	<u>4.9</u>	<u>5.7</u>
	<u>\$65.6</u>	<u>\$62.5</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 September 30, 1995, total \$7.9 billion, compared with \$9.0 billion at June 30, 1995, and \$5.9 billion at December 31, 1994.

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