BOEING REPORTS 1995 4TH QUARTER AND FULL YEAR RESULTS

	4th Quarter		Year Ended December 31	
	1995	1994	1995	1994
	($ in millions except per share data)			
Sales	$4,539	$5,120	$19,515	$21,924
Pre-tax earnings	$169	$214	$360	$1,143
Net earnings	$218	$157	$393	$856
Earnings per share	$.63	$.46	$1.15	$2.51
Net earnings exclusive of 2nd quarter special retirement program charge			$783	$856
Earnings per share exclusive of 2nd quarter special retirement program charge			$2.29	$2.51
Average shares (millions)	343.4	340.8	342.2	340.6

SEATTLE January 25, 1996 - Sales of $4.5 billion and pre-tax earnings of $169 million for the fourth 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 pre-tax earnings of $214 million.

Net earnings for the fourth quarter of $218 million or $.63 per share were higher than the $157 million or $.46 per share for the comparable period of 1994 primarily due to a negative income tax provision for 1995. The negative income tax provision for the quarter reflects the cumulative effect of a lower effective income tax rate for the full year than previously projected. The tax rate change occurred as a result of the 10-week labor strike in the fourth quarter.

Sales for the year ended December 31, 1995, were $19.5 billion with net earnings of $783 million or $2.29 per share exclusive of the special retirement charge recorded in the second quarter. Comparable figures for 1994 were sales of $21.9 billion and net earnings of $856 million or $2.51 per share. Net earnings for 1995 including the one-time special retirement pre-tax charge of $600 million were $393 million, or $1.15 per share.

The lower net earnings for the full year 1995 compared with 1994, excluding the special retirement program charge, were primarily attributable to fewer commercial jet transport deliveries, partially offset by the reduced level of research and development expense and a lower income tax provision. Research and development expense was less than $1.3 billion in 1995, compared with $1.7 billion in 1994.

A total of 206 commercial jet transports were delivered in 1995, compared with 270 for 1994. Defense and space sales of $5.6 billion were approximately 10% higher than in 1994. The 10-week strike by the International Association of Machinists and Aerospace Workers (IAM) resulted in the delay of approximately 30 commercial jet transport deliveries during the fourth quarter. Production rates for all models are expected to recover to pre-strike levels during the first quarter of 1996.

Shrontz noted that the continued growth in total worldwide airline passenger traffic and load factors, combined with generally improving revenue yields, has been very encouraging. The Company's forecast of the commercial jet transport market requirements over the longer term is dependent on sustained growth in airline passenger traffic worldwide at profitable yields. Although the Company projects a growing demand for commercial jet transports, the market environment is expected to remain extremely competitive.

The substantial investments in new product development and process improvements made over the past few years, Shrontz stated, will help ensure the Company maintains its favorable market position over the long term by delivering the most value to airline customers. During 1995 approximately two-thirds of the total value of all announced orders for commercial jet transports were for Boeing models, with the new 777 airliner and the next-generation 737 family of aircraft accounting for about two-thirds of the Boeing aircraft orders.

Shrontz also stated that the diversified programs of the Defense & Space Group have continued to perform well, with major schedule and technical milestones being met. The current business base predominantly consists of priority programs for the U.S. Government, including joint participation in key pre-production development programs, ongoing modernization activities for existing defense systems, and the prime contractor role for International Space Station Alpha. Additionally, the Company is planning to selectively pursue commercial-type business opportunities where it can use its technical and large-scale integration capabilities. Such business pursuits, which are outside the traditional U.S. Government contracting environment, may require increased levels of research and development expenditures for the Defense & Space Group over the next few years.

The Company's strong financial position, Shrontz said, will enable the Company to continue to invest in new product development and productivity improvements that provide favorable long-term financial returns. He added that the Company is well positioned strategically and financially to pursue increased shareholder value over the long term.

Based on current programs and schedules, total sales in 1996 are projected to be in the $22 billion range.

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OPERATING AND FINANCIAL DATA

Commercial Jet Transport Deliveries

	4th Quarter		Year	
	1995	1994	1995	1994
737	9	25	89	121
747	5	8	25	40
757	4	16	43	69
767	12	7	36	40
777	6	0	13	0
Total	36	56	206	270

Total commercial jet transport deliveries for 1996 are currently projected to be approximately 215 units, including 30 777s. The timing of deliveries will reflect both a production rate recovery period in the first part of 1996 to pre-strike levels and higher production rates later in the year. Based on current schedules, average monthly aircraft production will be as follows by the end of 1996: 737 - 8 1/2; 747 - 3 1/2; 757 - 3; 767 - 4; 777 - 3 1/2. The 777 production rate is scheduled to be at five per month by mid-1997. Planned production rates will continue to be adjusted as necessary to match customer requirements.

($ in millions)	Year Ended December 31, 1995 Excluding special retirement charge	1995 Including special retirement charge	1994
Revenues:			
Commercial aircraft		$13,933	$16,851
Defense and space		5,582	5,073
Income associated with notes receivable and sales-type leases included in commercial aircraft revenues		160	183
Research & development expense		1,267	1,704
Operating earnings by segment:			
Commercial aircraft	$743	$391	$1,022
Defense and space	367	124	305
Corporate investment income	209	209	122
Debt and other corporate expense	(359)	(364)	(306)
Pre-tax earnings	960	360	1,143
Income tax provision	177	(33)	287
Net earnings	$783	$393	$856
Effective income tax rate	18.4%	(9.2%)	25.1%

The negative effective income tax provision for 1995 was due to the recognition of higher tax benefits, together with the lower relative pre-tax earnings after the second quarter earnings charge for the special retirement program and the effect of the labor strike in the fourth quarter. The statutory tax rate of 35% applied to the 1995 pre-tax earnings of $360 million was more than offset by a research and experimentation (R&E) tax credit of $90 million and Foreign Sales Corporation tax benefits of $75 million. The R&E tax credit was primarily associated with the initial 777 development program that was substantially completed in 1995.

Higher cash balances, principally due to the sale of customer financing receivables, contributed to the increase in corporate investment income. Interest expense was higher in 1995 due to less debt interest being capitalized in connection with new facilities, equipment, and program tooling investments.

The overall operating profit margin, exclusive of research and development expense and the special retirement program expense, was 11.1% for 1995 compared with 13.0% for 1994. The lower overall operating profit margin was primarily attributable to defense and space segment sales being a higher percentage of total sales and the commencement of 777 jet transport deliveries together with fewer deliveries of all other commercial aircraft models. With regard to the 777 program, new commercial jet transport programs normally have lower operating profit margins due to initial tooling amortization and improvement trends typically experienced on new large-scale production programs.

Total research and development expense for 1996 is currently projected to approximate the 1995 level.

	Dec. 31, 1995	Sept. 30, 1995	Dec. 31, 1994
		($ in billions)	
Cash and short-term investments	$3.7	$4.2	$2.6
Borrowings	2.6	2.6	2.6
Customer financing	1.9	2.1	3.3
Inventories:			
Gross	14.0	13.1	11.3
Net	6.9	5.9	5.0
Contractual backlog:			
Commercial aircraft	$66.5	$59.9	$60.6
Defense and space	5.8	5.7	5.7
	$72.3	$65.6	$66.3

Not included in contractual backlog are purchase options and announced orders for which definitive contracts have not been executed. U.S. Government and foreign military backlog is limited to amounts obligated to contracts. Unobligated amounts not included in backlog at December 31, 1995, totaled $7.6 billion, compared with $7.9 billion at September 30, 1995, and $5.9 billion at December 31, 1994.

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