

BOEING REPORTS 1996 1ST QUARTER RESULTS

	Three Months Ended	
	<u>March 31</u>	
	<u>1996</u>	<u>1995</u>
	(\$ in millions except per share data)	
Sales	\$4,293	\$5,037
Pre-tax earnings	\$170	\$217
Net earnings	\$119	\$181
Earnings per share	\$.35	\$.53
Average shares (millions)	344.8	341.0

SEATTLE April 29, 1996 -- Sales of \$4.3 billion and net earnings of \$119 million or \$.35 per share for the first quarter of 1996 were reported by Frank Shrontz, Boeing chairman. Comparable figures for the first quarter of 1995 were sales of \$5.0 billion and net earnings of \$181 million or \$.53 per share.

The lower net earnings for the first quarter of 1996 were primarily attributable to fewer commercial aircraft deliveries and a higher effective income tax rate. A total of 40 commercial jet transports were delivered, compared with 59 in the first quarter of 1995. During the first quarter of 1996, deliveries for all models were limited by the recovery in production rates following the 10-week strike in the fourth quarter of 1995.

Partially offsetting the earnings effect of the lower first quarter sales were a lower level of research and development expense and increased corporate investment income. Research and development expense totaled \$293 million for the quarter, compared with \$404 million for the same period of 1995. Research and development expense for the full year 1996 is currently projected to be in the \$1.2 billion range, compared with \$1.3 billion for 1995.

Approximately 60 commercial aircraft deliveries are planned for the second quarter and 215 are projected for the year. Total sales for 1996 are currently projected to be in the \$22 billion range, compared with \$19.5 billion in 1995.

Shrontz noted that airline order activity continues to be encouraging, reflecting the continued growth in passenger traffic in all major airline markets and good profitability levels being experienced by the airline industry as a whole. The Company recently announced increases in planned aircraft production rates on the 737, 747 and 757 models to take effect in 1997. Current monthly production of 18.5 aircraft per month is planned to increase to 27 per month by mid-1997.

Significant orders totaling 180 commercial jet transports were announced in the first quarter and included orders for every model in the Boeing airplane family. Largest among these were from GE Capital Aviation Services (GECAS) for 107 aircraft consisting of 5 777s, 20 current-model 737s and 82 next-generation 737-600/700/800s; and from Malaysia Airlines for 15 777s and 10 long-range 747-400s. In addition, International Lease Finance Corporation (ILFC) has increased its future fleet of Boeing 777s by ordering an additional 18 aircraft, and Trans World Airlines (TWA) will purchase 10 757s directly from Boeing.

Program development continues on schedule for the longer-range 777-200 and stretched version 777-300 of the 777 family. During the first quarter the Rolls-Royce Trent 800 engine for the Boeing 777 was awarded its type certificates by the Federal Aviation Administration (FAA) and Europe's Joint Aviation Authority (JAA). In March the FAA gave approval for the General Electric GE-90-powered Boeing 777 to begin the 1000-cycle Extended Twin Operations (ETOPS) flight test program.

Important developments during the first quarter in the Company's defense and space segment included the first flight of the Boeing/Sikorsky joint venture prototype RAH-66 Comanche reconnaissance attack helicopter and receipt of a \$345 million contract to upgrade the E-3 Airborne Warning and Control System (AWACS) radar system for the U.S. Air Force, NATO, and the United Kingdom.

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OPERATING AND FINANCIAL DATA

Commercial Jet Transport Deliveries

	<u>First Quarter</u>	
	<u>1996</u>	<u>1995</u>
737	15	29
747	3	8
757	7	14
767	7	8
777	<u>8</u>	<u>-</u>
Total	<u>40</u>	<u>59</u>

	<u>Three Months Ended</u>	
	<u>March 31</u>	
	<u>1996</u>	<u>1995</u>

(\$ in millions)

Revenues:

Commercial aircraft	\$3,016	\$3,685
Defense and space	1,277	1,352
Income associated with notes receivable and sales-type leases included in commercial aircraft revenues	15	50
Research & development expense	293	404
Operating earnings	154	226

Interest and debt expense	41	40
Corporate investment income	57	31
Pre-tax earnings	\$170	\$217
Effective income tax rate	30.0%	16.6%

The overall operating earnings margin, exclusive of research and development expense, was 10.4% for the first quarter of 1996, compared with 12.5% for the first quarter of 1995. The lower margin was primarily attributable to a model mix of commercial aircraft deliveries that included 8 777s in the first quarter, compared with no 777s in the first quarter of 1995 when the 777 was in the certification process. 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.

The higher effective income tax rate for the first quarter of 1996 was due to the expiration of research and experimentation tax credits.

Financial Position

	March 31, <u>1996</u>	Dec. 31, <u>1995</u>
	(\$ in billions)	
Cash & short-term investments	\$4.5	\$3.7
Customer financing	1.2	1.9
Long-term debt	2.4	2.6
Inventories:		
Gross	14.8	14.0
Net	7.2	6.9

Contractual backlog:

Commercial aircraft	\$74.6	\$66.5
Defense and space	<u>5.6</u>	<u>5.8</u>
	<u>\$80.2</u>	<u>\$72.3</u>

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 under U.S. Government contracts not included in backlog at March 31, 1996, total \$7.5 billion, compared with \$7.6 billion at December 31, 1995.

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