



News Release

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Boeing Reports 2001 EPS of \$3.63, Up 26 Percent, and Fourth Quarter EPS of \$0.90, Excluding Non-Recurring Items -- Solid operating performance drives strong financial results

Highlights:

Full Year 2001:

- **Operating margins of 8.4 percent, up from 7.4 percent in 2000, resulting in net earnings of \$3.0 billion, or \$3.63 per share, on revenues of \$58.2 billion excluding non-recurring items**
- **Produced strong free cash flow totaling \$2.7 billion**
- **Delivered 527 commercial jetliners despite disruptions from the Feb. 28 Seattle earthquake and Sept. 11 terrorist attacks; continued progress on product development, including the Sonic Cruiser and 777-300ER**
- **Launched 767 tanker program with orders from Italy and Japan and received Congressional authorization to negotiate the lease of 100 USAF tankers**
- **Won C-130 Avionics Modernization Program with potential value of \$4 billion**
- **Successfully completed two intercept tests in support of the Ground-based Midcourse Defense program (formerly National Missile Defense)**
- **Continued Boeing's transformation by establishing a new corporate architecture with a leaner, new world headquarters in Chicago**

Fourth Quarter:

- **Operating margins of 7.5 percent, down from 9.3 percent in the fourth quarter of 2000, resulting in net earnings of \$722 million on revenues of \$15.7 billion, or \$0.90 per share, excluding non-recurring items**
- **Delivered 144 commercial jetliners, five more than the latest revised estimate, following the Sept. 11 terrorist attacks**
- **Increased strategic focus in Unmanned Systems**
- **Certified Delta IV launch vehicle and RS-68 engine for first flight**
- **Completed preliminary design of Future Imagery Architecture program on schedule, within cost and meeting critical performance criteria**

Summary Financial Results: (In millions, except per share data)						
	<u>4th Quarter</u>		<u>% Change</u>	<u>Year ended December 31</u>		<u>% Change</u>
	<u>2001</u>	<u>2000</u>		<u>2001</u>	<u>2000</u>	
Revenues	\$15,702	\$14,693	7%	\$58,198	\$51,321	13%
Net earnings	\$100	\$481		\$2,827	\$2,128	
Add back NRE charges*	<u>\$622</u>	<u>\$396</u>		<u>\$181</u>	<u>\$385</u>	
Earnings w/o non-recurring items	\$722	\$877	-18%	\$3,008	\$2,513	20%
Earnings per share (diluted)	\$0.12	\$0.55		\$3.41	\$2.44	
Add back NRE charges*	<u>\$0.78</u>	<u>\$0.46</u>		<u>\$0.22</u>	<u>\$0.44</u>	
EPS w/o non-recurring items	\$0.90	\$1.01	-11%	\$3.63	\$2.88	26%
Diluted Shares for EPS	805.8	867.2		829.3	871.3	

*For additional detail, see page at the end of this release.

CHICAGO, Jan. 23, 2002 – The Boeing Company [NYSE: BA] reported net earnings for the year 2001, excluding non-recurring items, of \$3,008 million on revenues of \$58.2 billion, compared to \$2,513 million on revenues of \$51.3 billion in 2000. Earnings per share, excluding non-recurring items, increased 26 percent to \$3.63 compared to \$2.88 in 2000. Operating earnings and margins increased to \$4,869 million and 8.4 percent, excluding non-recurring items.

"Our team did a tremendous job in 2001," said Boeing Chairman and Chief Executive Officer Phil Condit. "We delivered higher revenues, margins, earnings per share, as well as strong cash flow -- and we did it under challenging circumstances, especially at the Commercial Airplanes group."

During 2001, the company's major operating units and finance segment performed well. The Commercial Airplanes group continued to implement lean manufacturing processes and increase efficiency. Margins at the company's Space and Communications unit increased steadily during 2001, and the unit is poised for strong revenue growth as it executes current backlog and its key government markets expand. The Military Aircraft and Missile Systems unit again earned double-digit margins through excellent program performance. It expects steady, moderate revenue growth primarily from production rate increases on key programs, as well as new business. Boeing Capital Corporation established a solid financing market presence and healthy growth trajectory while maintaining prudent credit, equipment and return standards.

"Looking ahead, we are entering a challenging period, but with businesses that are performing well. We believe our overall operating strength and balanced portfolio of businesses provide us the opportunity to generate solid returns and cash. This opportunity results from our strategy to transform and balance our business portfolio," Condit said.

Non-recurring gains and charges recorded during the year resulted in a net after-tax charge of \$181 million, or \$0.22 per share. These non-recurring items reflect third and fourth quarter charges primarily associated with Sept. 11-related events, partially offset by gains recognized during the first half of the year related to an R&D tax settlement and F-15E program adjustments. As a result, reported net earnings for 2001 totaled \$2,827 million, or \$3.41 per share.

Net fourth quarter earnings, excluding non-recurring items, were \$722 million, or \$0.90 per share on revenues of \$15.7 billion. Fourth quarter operating earnings and margins totaled \$1,175 million and 7.5 percent, excluding non-recurring items.

During the quarter, the company recognized \$622 million in after-tax, non-recurring charges primarily related to Sept. 11 impacts on Commercial Airplanes, as well as less significant, unrelated charges at Military Aircraft and Missile Systems. This compares to \$396 million of non-recurring after-tax charges taken in the fourth quarter of 2000, primarily related to in-process research and development in acquired businesses. Non-recurring items for 2001 and 2000 are summarized in the supplementary table at the end of this release.

Liquidity remained strong in 2001 as free cash flow (operating cash flow less capital expenditures) for the year totaled \$2.7 billion. In the fourth quarter, the company used free cash of \$253 million. During the year the company repurchased 41 million shares of its stock compared with 42 million shares repurchased in 2000. Year-end cash and short-term investment balances totaled \$575 million.

The Boeing Company balance sheet remained strong in 2001 as the company ended the year with a debt-to-capital ratio of 32 percent, exclusive of Boeing Capital Corporation borrowings and non-recourse customer financing obligations. Consolidated debt increases during the period primarily reflect continued growth at Boeing Capital Corporation (see "Customer and Commercial Financing" below). At year-end, consolidated debt totaled \$12.2 billion, of which \$7.2 billion was attributable to Boeing Capital Corporation, \$4.4 billion to The Boeing Company and \$0.6 billion to non-recourse customer financing.

During the fourth quarter, the company decreased its other comprehensive income equity balance by \$397 million. This reduction primarily reflects the market-driven change in the value of pension assets versus pension liabilities and, for this purpose, is updated annually. There is no earnings impact to this adjustment.

Boeing remains one of the few companies that has decided to recognize the impact of its stock compensation plans on its earnings. During the fourth quarter, the company's stock price increase raised pre-tax general and administrative expenses attributable to deferred stock compensation by \$35 million, decreasing earnings per share \$0.03. Pre-tax expenses associated with ongoing share-based plans totaled \$99

million, reducing earnings per share an additional \$0.08, for a total EPS reduction of \$0.11.

The company will adopt the new accounting standard related to goodwill as of the first quarter of 2002. Had the standard (FAS 142) been in effect during 2001, full year 2001 reported EPS would have been \$3.59 per share instead of \$3.41 per share as a result of not amortizing goodwill.

Commercial Airplanes: Commercial Airplanes' 2001 revenues and operating earnings (excluding non-recurring items) were up compared with 2000 as the group delivered 527 airplanes despite the disruptions caused by both the Feb. 28 Seattle earthquake and the Sept. 11 terrorist attacks. This compares with 489 airplanes delivered in 2000. Commercial airplanes delivered 144 commercial jet airplanes in the fourth quarter compared with 130 in the fourth quarter of 2000.

Revenues for 2001 increased 12 percent to \$35.1 billion versus \$31.2 billion in 2000. Operating earnings excluding non-recurring items were up 30 percent to \$3,540 million (10.1 percent margin), compared with \$2,720 million (8.7 percent margin) in 2000 as the group continued to implement lean manufacturing and realize operational efficiencies.

For the fourth quarter, segment operating earnings excluding non-recurring items were \$890 million on revenues of \$9.3 billion, resulting in a 9.5 percent margin which reflects continued strong performance in airplane programs offset by post-Sept. 11 impacts to spares volumes. These results compare with operating earnings of \$840 million, which exclude non-recurring items as well as a one-time gain of \$68 million, on revenues of \$8.7 billion in 2000. Exclusive of this gain, as well as non-recurring charges, segment margins in the fourth quarter of 2000 were 9.7 percent.

Following Sept. 11, in response to the reduced demand for commercial jet transports, the Commercial Airplanes and Shared Services groups moved aggressively to begin resizing their operations. This includes reducing employment by up to 30,000 people from September 2001 through mid-2002. Reductions to date total approximately 12,000 people. In addition, after evaluating the 717 program and market subsequent to Sept. 11, Commercial Airplanes decided to continue production of the 100-seat jetliner.

As a result of these actions and other Sept. 11-related impacts on asset valuations, contract exposures and employee severance, Commercial Airplanes recognized \$808 million in non-recurring pre-tax charges during the fourth quarter. In addition, Sept. 11-related pre-tax severance charges totaling \$100 million recognized during the third quarter 2001 have been allocated to Commercial Airplanes' annual results. In 2001, reported segment operating earnings totaled \$82 million in the fourth quarter and \$2,632 million for the year.

In 2000, Commercial Airplanes recognized \$52 million of non-recurring pre-tax charges in the fourth quarter for in-process research and development associated with the acquisitions of Jeppesen and Continental Graphics. Reported 2000 segment operating earnings therefore totaled \$856 million in the fourth quarter and \$2,736 million for the year.

During 2001, Commercial Airplanes received 335 orders. Backlog at the end of the year totaled \$75.9 billion.

Military Aircraft and Missile Systems: Military Aircraft and Missile Systems' operating earnings for 2001, excluding non-recurring items, were \$1,383 million on revenues of \$12.5 billion. Comparable 2000 operating earnings were \$1,245 million on revenues of \$11.9 billion. Operating margins excluding non-recurring items remained strong at 11.1 percent in 2001, compared with 10.4 percent in 2000, reflecting continued strong segment operating performance.

For the fourth quarter, segment operating earnings excluding non-recurring items totaled \$372 million on revenues of \$3.4 billion. During the same period last year comparable operating earnings were \$338 million on revenues of \$3.2 billion. Quarterly operating margins excluding non-recurring items totaled 10.8 percent versus 10.7 percent in 2000.

The segment had non-recurring items in the second and fourth quarter this year. The second quarter included a favorable \$57 million pre-tax adjustment related to the F-15E program. The fourth quarter included a pre-tax charge totaling \$94 million primarily attributable to reduced work volume in Philadelphia, charges associated with the Joint Strike Fighter program and idle manufacturing assets. Reported segment operating earnings therefore totaled \$278 million for the fourth quarter and \$1,346 million for the year.

Contractual backlog at the end of the year totaled \$17.6 billion.

Space and Communications: Space and Communications' 2001 revenues and operating earnings increased to \$10.4 billion and \$619 million, compared with \$8.0 billion and \$340 million in 2000, excluding non-recurring items. Segment operating margins excluding non-recurring charges were 6.0 percent in 2001, up from 4.2 percent in 2000, primarily reflecting improved program performance. The \$2.3 billion revenue increase in 2001 reflects growth of missile defense and classified programs, and the addition of Boeing Satellite Systems.

Fourth quarter segment operating earnings excluding non-recurring items totaled \$224 million on revenues of \$2.9 billion, compared with operating earnings of \$221 million on revenues of \$3.0 billion for the same period in 2000. Fourth quarter operating margins, excluding non-recurring items, were 7.7 percent compared with 7.4 percent in 2000.

In 2000, reported segment results were impacted by \$583 million pre-tax non-recurring charges. This included \$505 million associated with in-process research and development from acquisitions, principally Hughes Space and Communications in the fourth quarter, as well as \$78 million related to a Delta III demonstration launch earlier that year.

Contractual backlog at the end of the year totaled \$13.1 billion.

Customer and Commercial Financing: Revenues for the Customer and Commercial Financing Segment, which consists primarily of Boeing Capital Corporation, were up 19 percent in 2001 to \$863 million. Pre-tax earnings (after financing related interest costs of \$324 million) totaled \$272 million for the year. For the fourth quarter, revenues totaled \$247 million, up 10 percent versus the fourth quarter of 2000. Pretax earnings during the fourth quarter of 2001 totaled \$72 million after financing-related interest costs totaling \$90 million.

During 2001, Customer and Commercial Financing segment financing assets increased \$2.0 billion to \$9.1 billion, primarily reflecting new volume of \$4.0 billion at Boeing Capital Corporation, less asset runoff and dispositions. At year-end, approximately 70 percent of Boeing Capital Corporation's portfolio was related to Boeing products and services, consistent with prior periods.

Boeing Capital Corporation's balance sheet was strengthened as planned during the quarter as its debt-to-equity ratio was reduced from approximately 5.9-to-1.0 at the end of the third quarter to 5.3-to-1.0 at the end of 2001.

Other Segments: The events of Sept. 11 triggered additional customer interest in the ability of Connexion by BoeingSM and Air Traffic Management to support improvements in air transport safety and security, and expanded the business model of both organizations. Progress during 2001 included receipt by both organizations of Federal Communications Commission licenses enabling further technical development and prospective customer application of their capabilities.

During the fourth quarter, Connexion by Boeing was awarded its license to transmit and receive broadband data in flight using the Connexion by Boeing service. The unit continues to make technical progress while working closely with interested commercial and government aircraft operators.

Air Traffic Management continues to work with domestic and international stakeholders to identify requirements for enhancing overall system capacity, safety and security, and to build support for fundamental improvements.

Earnings from operations of other segments collectively include \$28 million in non-recurring pre-tax charges related to Sept. 11 recognized in the fourth quarter.

Outlook: The revised outlook for 2002 and initial guidance for 2003 is provided below and reflects the company's current assessment of intermediate-term demand for its products and services after Sept. 11.

"Boeing's outlook reflects continued solid operating performance and cash flow from a balanced portfolio of businesses," said Senior Vice President and Chief Financial Officer Mike Sears. "Revenues and profits from Boeing's defense, space and finance businesses are expected to grow, while Commercial Airplanes is targeting solid profitability through aggressive resizing and reducing production in line with lower anticipated demand. We are continuing to perform through this challenging period with a business-focused culture and an experienced, results-oriented management team," he added.

The Commercial Airplanes group continues to work closely with its customers, and rephasing of intermediate-term deliveries is essentially complete. Nevertheless, the

intermediate-term market outlook for commercial deliveries remains uncertain. Recognizing this, deliveries for 2002 are now expected to approximate 380 airplanes. Deliveries for 2003 are expected to range between 275 and 300 airplanes. The delivery forecast for 2002 is virtually sold out and more than 75 percent sold in 2003 at the lower end of the range.

Key sources of growth during the period include Space and Communications' missile defense, classified and Delta IV programs. Revenue growth is also expected from Military Aircraft and Missile Systems through its aerospace support programs and increased deliveries of tactical fighters and transport aircraft under multi-year procurements.

Revenue guidance for 2002 is revised from \$55 billion to +/- \$54 billion. For 2003, revenues are anticipated to be +/- \$52 billion as growth in the company's space and defense segments moderate revenue declines from lower commercial airplane deliveries. Operating margin guidance remains at +/- 8.25 percent for 2002, and the company intends to hold 2003 margins at +/- 8.25 percent, as well.

Free cash flow guidance for 2002 is revised from +/- \$3.0 billion to between \$2.5 billion and \$3.0 billion. Initial cash guidance for 2003 is greater than \$3 billion.

Financial Outlook	2002	2003
Revenue (in billions)	\$54 +/-	\$52 +/-
Operating margins (%)	8.25% +/-	8.25% +/-
Free cash flow (in billions)	\$2.5 - \$3.0	>\$3.0

Research and development during the guidance period is expected to remain between 3.0 and 3.5 percent of sales, but near the lower end of the range.

Summary of Non-Recurring Items: A summary of non-recurring impacts to the company's financial results is provided below:

2001 and 2000 NRE Impacts To Net Earnings		
Gains/(Charges) - Millions of Dollars After Tax		
	<u>2001</u>	<u>2000</u>
First Quarter		
R&D Tax Settlement	\$ 343	\$ 33 Interest on Prior Years Tax Settlement
Interest on R&D Tax Settlement	\$ 132	\$ 26 Sale of Investment
Second Quarter		
F-15E Program Settlement	\$ 36	\$ (34) Delta III Demonstration Launch
Third Quarter		
Severance - Initial 9/11 Reductions*	\$ (70)	\$ (14) Delta III Demonstration Launch
Fourth Quarter		
717 Forward Loss	\$ (157)	\$ (348) Acquisition In-Process R&D
Used Aircraft Valuation	\$ (124)	\$ (60) Acquisition/Disposition Benefit Cost Impacts
Severance	\$ (123)	\$ 12 Interest on Prior Years Tax Settlement
Spares inventory valuation	\$ (67)	
Vendor penalties	\$ (40)	
Third party commitments	<u>\$ (34)</u>	
Subtotal: Commercial Airplanes	\$ (545)	
Non-BCA severance and other	<u>\$ (18)</u>	
Subtotal: Sept. 11-related*	\$ (563)	
Philadelphia asset reduction	\$ (30)	
JSF and other asset reduction	<u>\$ (29)</u>	
Subtotal: Military Aircraft and Missile Sys.	\$ (59)	
Year		
Net Earnings Impact	<u>\$ (181)</u>	<u>\$ (385)</u>
Earnings Per Share Impact	<u>\$(0.22)</u>	<u>\$ (0.44)</u>

*Sept. 11-related event identified in statement of operations per EITF 01-10: *Accounting for the Impact of the Terrorist Attacks of Sept. 11, 2001*

Note on segment reporting:

Beginning first quarter 2001, segment results were realigned to reflect the revised business and management structure of the company as of 4Q00.

Forward-Looking Information Is Subject to Risk and Uncertainty

Certain statements in this release contain “forward-looking” information that involves risk and uncertainty, including projections for new products, deliveries, realization of technical and market benefits from acquisitions, revenues, operating margins, free cash flow, taxes, research and development expenses, prospects for delivery stream recovery in commercial aircraft, and other trend projections. This forward-looking information is based upon a number of assumptions including assumptions regarding global economic, passenger and freight growth; current and future markets for the Company’s products and services; demand for the Company’s products and services; performance of internal plans, including, without limitation, plans for productivity gains, reductions in cycle time and improvements in design processes, production processes and asset utilization; product performance; customer financing; customer, supplier and subcontractor performance; customer model selections; favorable outcomes of certain pending sales campaigns and U. S. and foreign government procurement actions; including the timing of procurement of tankers, supplier contract negotiations; price escalation; government policies and actions; successful negotiation of contracts with the Company’s labor unions; regulatory approvals; and successful execution of acquisition and divestiture plans; and the assessment of the impact of the attacks of September 11, 2001. Actual results and future trends may differ materially depending on a variety of factors, including the Company’s successful execution of internal performance plans, including continued research and development, production rate increases and decreases, production system initiatives, timing of product deliveries and launches, supplier contract negotiations, asset management plans, acquisition and divestiture plans, procurement plans, credit rating agency assessments, and other cost-reduction efforts; the actual outcomes of certain pending sales campaigns and U. S. and foreign government procurement activities; including the timing of procurement of tankers, acceptance of new products and services; product performance risks; the cyclical nature of some of the Company’s businesses; volatility of the market for certain products and services; domestic and international competition in the defense, space and commercial areas; continued integration of acquired businesses; uncertainties associated with regulatory certifications of the Company’s commercial aircraft by the U.S. Government and foreign governments; other regulatory uncertainties; collective bargaining labor disputes; performance issues with key suppliers, subcontractors and customers; governmental export and import policies; factors that result in significant and prolonged disruption to air travel worldwide; any additional impacts from the attacks of September 11, 2001; global trade policies; worldwide political stability; domestic and international economic conditions; price escalation trends; the outcome of political and legal processes, including uncertainty regarding government funding of certain programs; changing priorities or reductions in the U.S. Government or foreign government defense and space budgets; termination of government contracts due to unilateral government action or failure to perform; legal, financial and governmental risks related to international transactions; legal proceedings; and other economic, political and technological risks and uncertainties. Additional information regarding these factors is contained in the Company’s SEC filings, including, without limitation, the Company’s Annual Report on Form 10–K for the year ended, 2000 and the Form 10–Q for the quarters ended 31 March 2001, 30 June 2001 and 30 September 2001.

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The Boeing Company and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

(Dollars in millions except per share data)

	Twelve months ended December 31		Three months ended December 31	
	2001	2000	2001	2000
Sales and other operating revenues	\$58,198	\$51,321	\$15,702	\$14,693
Cost of products and services	48,778	43,712	13,331	12,228
	9,420	7,609	2,371	2,465
Equity in income from joint ventures	93	64	21	26
General and administrative expense	2,389	2,335	676	696
Research and development expense	1,936	1,441	538	417
In-process research and development expense		557		557
Gain on dispositions, net	21	34	1	14
Share-based plans expense	378	316	99	123
Special charges due to events of September 11, 2001	935		835	
Earnings from operations	3,896	3,058	245	712
Other income, principally interest	318	386	38	43
Interest and debt expense	(650)	(445)	(173)	(125)
Earnings before income taxes	3,564	2,999	110	630
Income taxes	738	871	10	149
Net earnings before cumulative effect of accounting change	2,826	2,128	100	481
Cumulative effect of accounting change, net	1			
Net earnings	\$ 2,827	\$ 2,128	\$ 100	\$ 481
Basic earnings per share	\$ 3.46	\$ 2.48	\$ 0.13	\$ 0.57
Diluted earnings per share	\$ 3.41	\$ 2.44	\$ 0.12	\$ 0.55
Cash dividends paid per share	\$ 0.68	\$ 0.59	\$ 0.17	\$ 0.17
Average diluted shares (millions)	829.3	871.3	805.8	867.2

Excluding the impact of all stock-related compensation *

Net Earnings	\$ 2,962	\$ 2,325	\$ 185	\$ 558
Diluted earnings per share	\$ 3.57	\$ 2.67	\$ 0.23	\$ 0.64

Note: All references to earnings per share in the text of this press release refer to diluted earnings per share.

* Share based plans expense plus general and administrative expense attributable to deferred stock compensation.

The Boeing Company and Subsidiaries
Consolidated Statements of Position

(Dollars in millions except per share data)

	December 31 2001 (Unaudited)	December 31 2000
Assets		
Cash and cash equivalents	\$ 575	\$ 1,010
Accounts receivable	4,750	4,928
Current portion of customer and commercial financing	1,743	995
Deferred income taxes	2,444	2,137
Inventories, net of advances and progress billings	6,628	6,794
Total current assets	16,140	15,864
Customer and commercial financing	8,621	5,964
Property, plant and equipment, net	8,560	8,814
Goodwill and acquired intangibles, net	6,443	5,214
Prepaid pension expense	5,838	4,845
Deferred income taxes		60
Other assets	2,019	1,267
	\$47,621	\$42,028
Liabilities and Shareholders' Equity		
Accounts payable and other liabilities	\$13,305	\$11,979
Advances in excess of related costs	4,188	3,517
Income taxes payable	909	1,561
Short-term debt and current portion of long-term debt	1,398	1,232
Total current liabilities	19,800	18,289
Deferred income taxes	177	
Accrued retiree health care	5,367	5,152
Deferred lease income	622	
Long-term debt	10,818	7,567
Minority interest in subsidiaries	12	
Shareholders' equity:		
Common shares, par value \$5.00 - 1,200,000,000 shares authorized; Shares issued – 1,011,870,159 and 1,011,870,159	5,059	5,059
Additional paid-in capital	1,975	2,693
Treasury shares, at cost – 174,289,720 and 136,385,222	(8,509)	(6,221)
Retained earnings	14,340	12,090
Accumulated other comprehensive income	(485)	(2)
Unearned compensation	(3)	(7)
ShareValue Trust shares – 39,691,015 and 39,156,280	(1,552)	(2,592)
Total shareholders' equity	10,825	11,020
	\$47,621	\$42,028

The Boeing Company and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

<i>(Dollars in millions)</i>	Twelve months ended		
	2001	December 31	1999
		2000	
Cash flows - operating activities:			
Net earnings	\$ 2,827	\$ 2,128	\$ 2,309
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Share-based plans	378	316	209
Depreciation	1,455	1,317	1,538
Amortization of goodwill and intangibles	302	162	107
In-process research and development		557	
Customer and commercial financing valuation provision	42	13	72
Gain on dispositions, net	(21)	(34)	(87)
Changes in assets and liabilities –			
Short-term investments		100	179
Accounts receivable	157	(768)	(225)
Inventories, net of advances and progress billings	215	1,097	2,030
Accounts payable and other liabilities	256	(311)	217
Advances in excess of related costs	671	1,387	(36)
Income taxes payable and deferred	(457)	421	462
Deferred lease income	622		
Prepaid pension expense	(993)	(374)	(332)
Goodwill	(1,372)		
Accrued retiree health care	238	269	46
Other	(538)	(338)	(265)
Net cash provided by operating activities	3,782	5,942	6,224
Cash flows - investing activities:			
Customer financing and properties on lease, additions	(5,073)	(2,571)	(2,398)
Customer financing and properties on lease, reductions	1,331	1,433	1,842
Property, plant and equipment, net additions	(1,079)	(932)	(1,236)
Acquisitions, net of cash acquired	(22)	(5,727)	
Proceeds from dispositions	152	169	359
Net cash used by investing activities	(4,691)	(7,628)	(1,433)
Cash flows - financing activities:			
New borrowings	4,567	2,687	437
Debt repayments	(1,173)	(620)	(676)
Common shares purchased	(2,417)	(2,357)	(2,937)
Stock options exercised, other	79	136	93
Dividends paid	(582)	(504)	(537)
Net cash provided (used) by financing activities	474	(658)	(3,620)
Net increase in cash and cash equivalents	(435)	(2,344)	1,171
Cash and cash equivalents at beginning of year	1,010	3,354	2,183
Cash and cash equivalents at end of 4th quarter	\$ 575	\$ 1,010	\$ 3,354

The Boeing Company and Subsidiaries
Business Segment Data
(Unaudited)

<i>(Dollars in millions)</i>	Twelve months ended		Three months ended	
	December 31		December 31	
	2001	2000	2001	2000
Revenues:				
Commercial Airplanes	\$35,056	\$31,171	\$ 9,342	\$ 8,659
Military Aircraft and Missiles	12,451	11,924	3,446	3,160
Space and Communications	10,364	8,039	2,908	2,968
Customer and Commercial Financing	863	728	247	224
Other	365	303	77	94
Accounting differences / eliminations	(901)	(844)	(318)	(412)
Operating revenues	\$58,198	\$51,321	\$15,702	\$14,693
Earnings from operations:				
Commercial Airplanes	\$ 2,632	\$ 2,736	\$ 82	\$ 856
Military Aircraft and Missiles	1,346	1,245	278	338
Space and Communications	619	(243)	224	(284)
Customer and Commercial Financing	596	516	162	158
Other	(388)	(76)	(161)	(43)
Accounting differences / eliminations	(368)	(442)	(101)	(82)
Share-based plans	(378)	(316)	(99)	(123)
Unallocated expense	(163)	(362)	(140)	(108)
Earnings from operations	3,896	3,058	245	712
Other income, principally interest	318	386	38	43
Interest and debt expense	(650)	(445)	(173)	(125)
Earnings before income taxes	3,564	2,999	110	630
Income taxes	738	871	10	149
Net earnings before cumulative effect of accounting change	\$2,826	\$2,128	\$100	\$481
Effective income tax rate	20.7%	29.0%	9.1%	23.7%
Research and development:				
Commercial Airplanes	\$ 858	\$574	\$ 236	\$ 180
Military Aircraft and Missiles	258	257	60	70
Space and Communications	526	526	151	119
Other	294	84	91	48
Total research and development expense	\$1,936	\$1,441	\$538	\$417

The Boeing Company and Subsidiaries
Operating and Financial Data

Deliveries	Twelve months		4th Quarter	
	2001	2000	2001	2000
Commercial Airplanes				
717	49 (10)	32 (23)	12	12 (11)
737	–	2	–	–
737 Next-Generation	299 *** (5)	279 *	85 *** (2)	70 *
747	31 (1)	25 **	7 (1)	6
757	45	45	13	8
767	40	44	11	14
777	61	55	16	17
MD-90		3		3
MD-11	2	4	–	–
Total	527	489	144	130
Military Aircraft and Missiles				
C-17	14 (4)	13	5	3
F-15	–	5	–	–
F/A-18 C/D	–	16	–	–
F/A-18 E/F	36	26	9	9
T-45TS	15	16	4	3
CH-47	11	7	3	2
C-40	4	–	–	–
Apache	7	8	1	2
Space and Communications				
Delta II	12	10	8	8
Satellites	7	5	1	–

* Includes three intercompany C-40 Aircraft

** Includes one ABL 747

*** Includes one intercompany C-40 Aircraft for 4Q 2001 and two for the full year

Note: Commercial Airplanes deliveries by model include deliveries under operating lease, which are identified by parentheses.

	Dec. 31	Sept. 30	Dec. 31
	2001	2001	2000
Contractual backlog (Dollars in billions)			
Commercial Airplanes	\$ 75.9	\$ 82.7	\$89.8
Military Aircraft and Missiles	17.6	17.8	17.1
Space and Communications	13.1	13.7	13.7
Total contractual backlog	\$106.6	\$114.2	\$120.6
Unobligated backlog	\$27.5	\$27.1	\$31.3
Workforce	188,000	198,000	198,000