



Fourth-Quarter and Full-Year 2011 Performance Review

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Business Environment

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- Global economic growth slowing; uncertainties remain
- Passenger traffic remains resilient; cargo traffic contracting
- International defense growth opportunities; defense budget pressures in U.S. and other developed markets
- Commercial aviation remains long-term growth industry
- Defense markets will trend with threat environment

Commercial up-cycle progressing; dynamic defense environment

2011 Summary

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- Results reflect strong core operating performance
- Strong commercial airplane orders capture; key defense wins
- Delivered first 787 Dreamliners and 747-8 Freighters; production ramp-up progressing
- Strong fundamental product-and-services strategies
- Net orders of \$103 billion; large diversified backlog at record \$356 billion

***Operating engine running well...
significant milestones achieved on 787 and 747-8 programs***

2011 Financial Results

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	<u>2010*</u>	<u>2011**</u>
<i>Revenue</i>	\$64.3B	\$68.7B
<i>Operating Earnings</i>	\$5.0B	\$5.8B
<i>EPS</i>	\$4.45*	\$5.34**
<i>Operating Cash Flow</i>	\$3.0B	\$4.0B

*A favorable tax settlement increased 2010 EPS by \$0.50. A charge related to health care legislation decreased 2010 EPS by \$0.20.

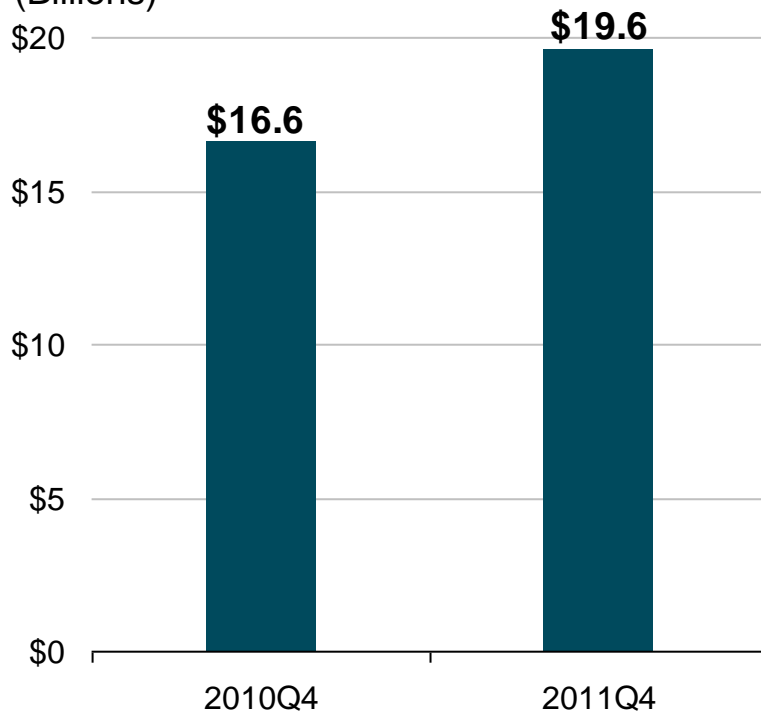
** A favorable tax settlement increased 2011 EPS by \$0.53.

Strong core operating performance

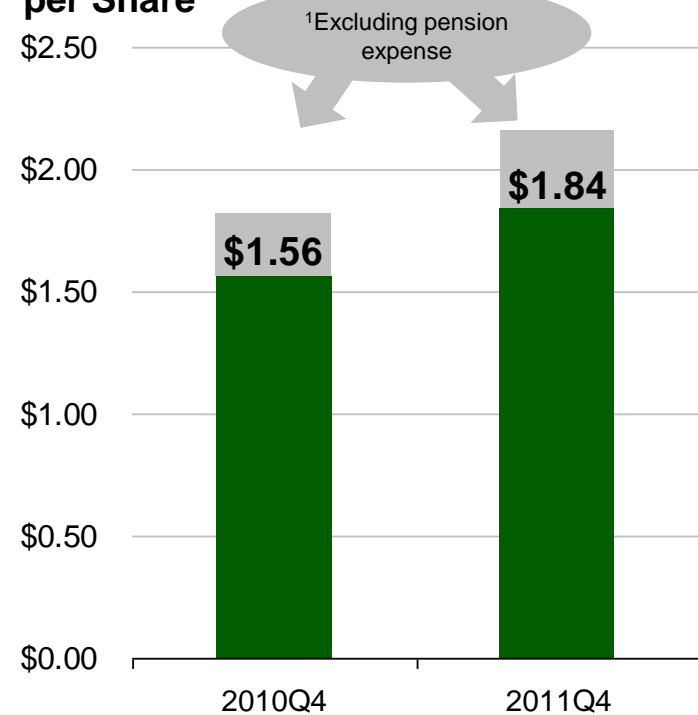
Fourth-Quarter Revenue and Earnings

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Revenue (Billions)



Earnings per Share



¹Excluding pension expense (-\$0.26 in 4Q10; -\$0.32 in 4Q11)

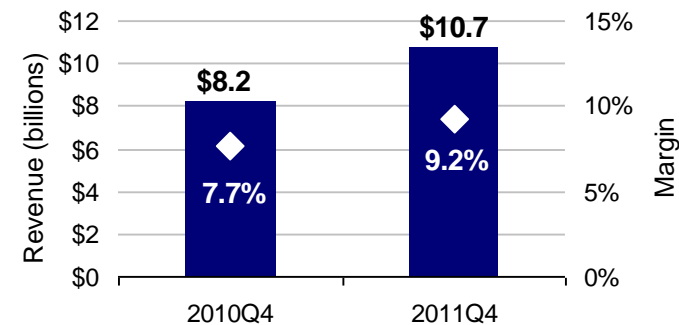
Higher volume and strong performance offsetting higher pension expense

Commercial Airplanes

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- **Strong performance across production and services programs**
- **Delivered 128 airplanes in Q4; 477 in 2011**
- **2011 orders valued at \$75B; record backlog of \$296B**
 - Won 379 net orders in Q4; 805 in 2011
- **Reached four-year contract extension with IAM**
- **787 Progress**
 - Established two world records for speed and distance
- **747-8 Progress**
 - Achieved Intercontinental certification
- **737 MAX**
 - Won over 1,000 orders and commitments in 2011
 - First firm order placed by launch customer Southwest Airlines

Revenues & Operating Margins



737 MAX Announced First Firm Order

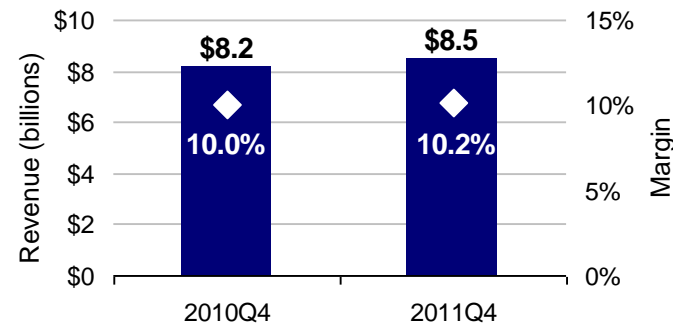
Focusing on execution, quality, and productivity

Defense, Space & Security

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- **Strong operating performance**
- **Capturing new and follow-on business**
 - U.S. Government & Saudi Arabia reached agreement on F-15 sale
 - U.S. Missile Defense Agency Ground-based Midcourse Defense
 - U.S. Air Force C-17 Globemaster III Integrated Sustainment Program
 - U.S. Navy P-8A Low Rate Initial Production lot II production award
- **Executing balanced defense portfolio**
 - Delivered 30 aircraft and 2 satellites in Q4; 115 and 4 in 2011
 - Completed KC-46A system functional review
 - Delivered first U.S. Army AH-64D Block III helicopter
 - Delivered first Intelsat 702 medium power satellite
- **2011 orders valued at \$28B; backlog of \$60B**

Revenues & Operating Margins



Ground-based Midcourse Defense

Focusing on execution and productivity... capturing opportunities

Other Results

▪ Boeing Capital Corporation

- Supporting business units while prudently managing portfolio and risk
- Portfolio was \$4.3 billion at year-end, unchanged during the quarter as new volume offset portfolio run-off and asset sales
- Pre-tax loss of \$8 million in Q4 driven by a smaller portfolio and higher asset impairments

▪ Other and Unallocated Expense

- Other segment earnings in the quarter included a reduction in the allowance for losses related to assigning an upgraded credit rating category to certain financing receivables
- Unallocated expense increased in Q4 driven by higher pension expense and deferred compensation partially offset by a charitable trust contribution that impacted fourth-quarter 2010
- Income tax expense in the quarter included a favorable tax settlement of \$397 million; fourth-quarter 2010 included a favorable tax settlement of \$371 million and a benefit of \$154 million due to the extension of the R&D credit

▪ Pension Plans

- 2011 Plan Results: ~ 8.4% asset return, 4.4% discount rate, 75% GAAP funded status, 99% ERISA funded status
- Expense of \$1.6 billion in 2011; \$2.6 billion expected in 2012
- Funding of \$531 million in 2011; ~ \$1.5 billion of discretionary cash funding expected in 2012

Supporting businesses and managing risks

Cash Flow

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\$ Billions	2010	2011
Net Earnings	3.3	4.0
Depreciation/non-cash	2.7	2.1
Working Capital ¹	(3.0)	(1.6)
Pension Contributions	<u>(0.0)</u>	<u>(0.5)</u>
Operating Cash Flow	3.0	4.0
Free Cash Flow*	1.8	2.3

- Strong core operating performance
- Increased commercial airplane deliveries and advances on higher orders; timing of defense receipts
- Continued planned investments in 787 and 747-8 programs
- Disciplined cash management providing strong liquidity

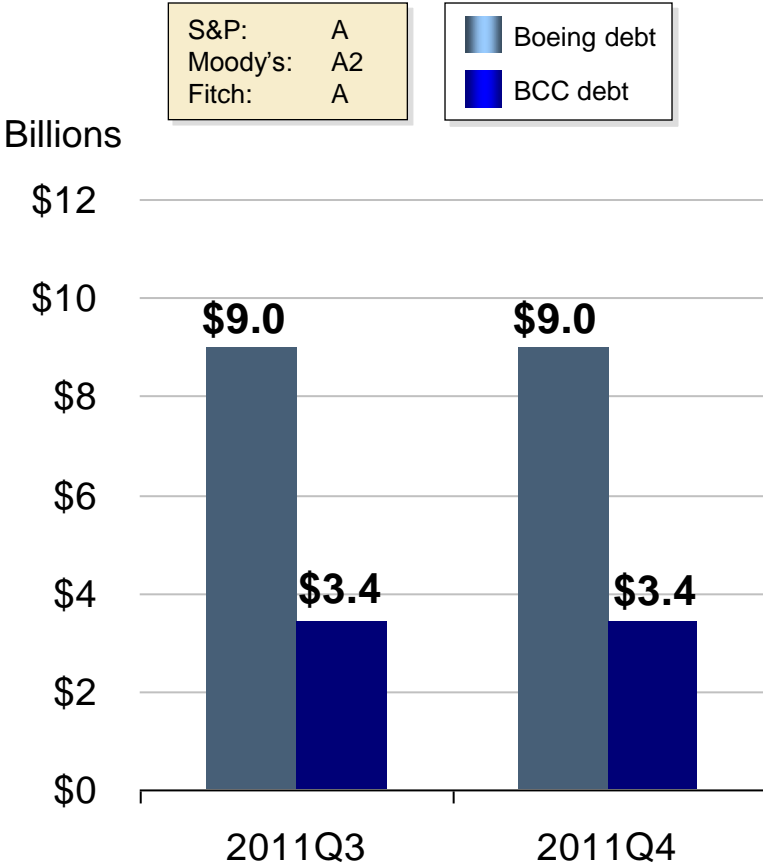
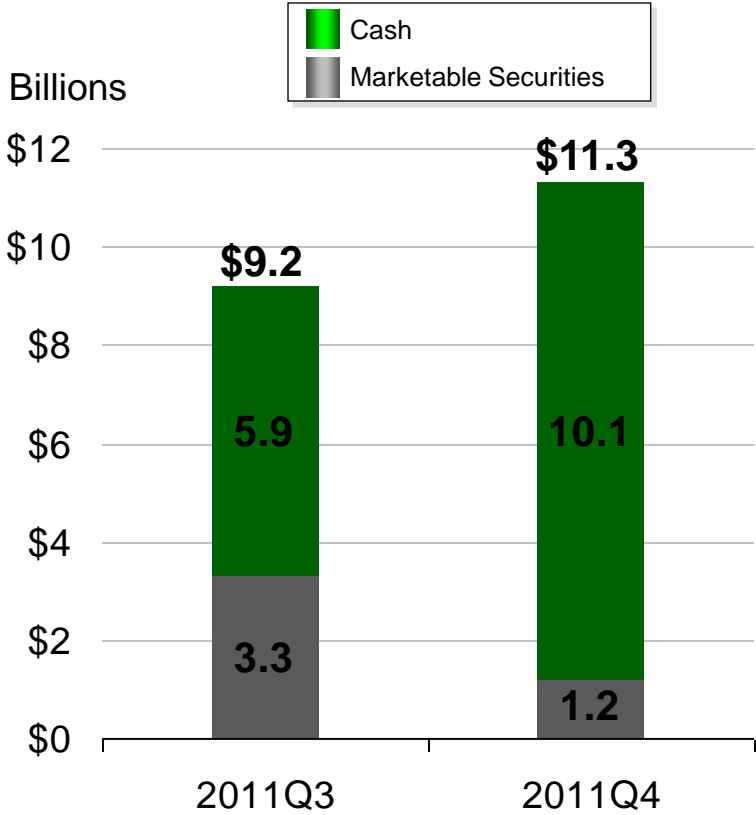
¹ Excluding pension contributions

* Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated January 25, 2012

Investing for future growth

Cash and Debt Balances

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Strong liquidity with manageable debt levels

Financial Guidance

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2012

Revenues

\$78 - 80B

Earnings Per Share*

\$4.05 - 4.25

Operating Cash Flow**

> \$5.0B

*Includes pension expense (-\$2.21)

**Assumes discretionary cash pension contributions of ~ \$1.5 billion and < \$0.5 billion in new aircraft financings

Higher pension expense offsetting strong core operating performance

EPS and Margin Walk from 2011 to 2012

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	<u>EPS</u>	<u>BCA Margin</u>	<u>BDS Margin</u>
2011 GAAP Results	\$5.34	9.7%	9.9%
Q4 2011 tax settlement	(0.53)		
Subtotal - 2011 GAAP Results Adjusted*	\$4.81	9.7%	9.9%
787/747 margin dilution		-1.7%	
BCA volume/other	~ 0.37	0.1%	
R&D... (~\$0.5B lower)	~ 0.45	1.0%	
787 fleet support and other investment... (~\$0.2B increase)	~ (0.15)	-0.4%	
BDS DOD environment/volume/mix	~ (0.32)		-0.7%
Subtotal - 2012 Guidance Adjusted*	\$5.06 - 5.26		
Pension expense... (~\$1.0B increase)	~ (0.83)		
L-T rate of return 7.75%			
Discount rate 4.4%			
\$1.5B discretionary funding			
Taxes/shares	~ (0.18)		
2012 Guidance issued on January 25, 2012	\$4.05 - 4.25	8.5% - 9.0%	> 9.0%

7% Core Increase

* Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are appended to this document.

Caution Concerning Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “should,” “expects,” “intends,” “projects,” “plans,” “believes,” “estimates,” “targets,” “anticipates,” and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include statements relating to our future financial condition and operating results, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Among these factors are risks related to: (1) general conditions in the economy and our industry, including those due to regulatory changes; (2) our reliance on our commercial airline customers; (3) our commercial development programs, planned production rate increases across multiple commercial airline programs and the overall health of our production system; (4) changing acquisition priorities of the U.S. government; (5) our dependence on U.S. government contracts; (6) our reliance on fixed-price contracts; (7) our reliance on cost-type contracts; (8) uncertainties concerning contracts that include in-orbit incentive payments; (9) our dependence on our subcontractors and suppliers, as well as the availability of raw materials, (10) changes in accounting estimates; (11) changes in the competitive landscape in our markets; (12) our non-U.S. operations, including sales to non-U.S. customers; (13) potential adverse developments in new or pending litigation and/or government investigations; (14) customer and aircraft concentration in Boeing Capital Corporation’s customer financing portfolio; (15) changes in our ability to obtain debt on commercially reasonable terms and at competitive rates in order to fund our operations and contractual commitments; (16) realizing the anticipated benefits of mergers, acquisitions, joint ventures/strategic alliances or divestitures; (17) the adequacy of our insurance coverage to cover significant risk exposures; (18) potential business disruptions, including those related to physical security threats, information technology or cyber-attacks or natural disasters; (19) work stoppages or other labor disruptions; (20) significant changes in discount rates and actual investment return on pension assets; (21) potential environmental liabilities; and (22) threats to the security of our or our customers’ information.

Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.



Non-GAAP Measure Disclosure

Year Ended December 31, 2011 & 2012

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The Boeing Company and Subsidiaries
Reconciliation of Non-GAAP Measures
2012 Increase in Adjusted Earnings Per Share
(Unaudited)

In addition to disclosing results that are determined in accordance with U.S. generally accepted accounting principles (GAAP), the company also discloses non-GAAP results that exclude certain significant charges or credits or highlight certain significant items that are important to an understanding of the company's ongoing operations. The company provides reconciliations of its non-GAAP financial reporting to the most comparable GAAP reporting. The company believes that discussion of results excluding certain significant charges or credits provides additional insights into underlying business performance. The company also believes that it is useful to highlight the significant impact pensions and the higher tax rate and shares have on the company's projected 2012 results. The determination of significant charges or credits or exclusion of certain items may not be comparable to similarly titled measures used by other companies and may vary from quarter to quarter.

	<u>Year Ended</u> <u>December 31, 2011</u>	<u>Year Ended</u> <u>December 31, 2012 - Guidance</u>
	<u>Earnings Per Share</u>	<u>Earnings Per Share</u>
GAAP Diluted Earnings Per Share	\$5.34	\$4.05 - 4.25
Favorable Tax Settlement	(\$0.53) <i>a</i>	
Increased Pension Expense		\$0.83 <i>b</i>
Higher Tax Rate		\$0.12 <i>c</i>
Higher Shares		\$0.06 <i>d</i>
Adjusted Earnings Per Share	\$4.81	\$5.06 - 5.26
Weighted Average Diluted Shares (in millions)	753.1	762.0
2012 Decrease in GAAP Earnings Per Share		(~ 22%)
2012 Increase in Adjusted Earnings Per Share		~ 7%

a Represents favorable tax settlement of \$397 million recorded in 2011 related to Internal Revenue Service (IRS) settlement for 2004 through 2006 tax years, expressed as earnings-per-share.

b Represents pension expense increase of \$934 million (2012 projection of \$2,582 million vs. \$1,648 million in 2011), expressed as earnings-per-share. The earnings per share amount is presented net of income taxes of approximately 35 percent.

c Represents impact of higher tax rate (approximately 35 percent projection in 2012 vs. 33.0 percent in 2011) of \$92 million, expressed as earnings-per-share. The 33.0 percent tax rate in 2011 represents the 2011 GAAP effective income tax rate of 25.6 percent adjusted by 7.4 percent for the \$397 million favorable IRS settlement for 2004 through 2006 tax years. Our 2012 guidance assumes Congress extends the R&D tax credit for 2012.

d Represents impact of higher weighted average diluted shares (762.0 million projection in 2012 vs. 753.1 million in 2011), expressed as earnings-per-share.