

# A strong core

Today's performance strengthens opportunities for tomorrow

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In a dynamic global competitive environment, it's great to be able to say that Boeing can look to the future with confidence. It's a testament to our employees who focus on meeting commitments to customers and embrace a culture of continuous improvement.

As our Commercial Airplanes business moves through the development of the 787 Dreamliner and 747-8, and as Defense, Space & Security repositions to meet the evolving needs and budget pressures facing the U.S. Defense Department, the core performance this year from our production programs and services businesses, supported by our functional teams, has been consistently strong.

That performance has been very important in enabling Boeing to continue investing in our future and ensuring we remain competitive.

The ability to generate strong cash flow has traditionally been a source of financial strength for Boeing. But in 2009, we had to enter the debt markets to raise the liquidity, or cash, required to support the 747 and 787 and to continue the repositioning at BDS.

At the same time, we increased our focus on disciplined cash management to ensure we had adequate resources to support our growth and productivity initiatives. The results have been very encouraging.

Across the company, teams have embraced Lean+ tools and processes to improve cash performance and productivity, finding better ways to create value in their work, either by sharing and replicating good ideas or by pioneering new methods.

We've also seen the functional teams that support Commercial Airplanes and BDS step up the gain on Functional Excellence—ensuring that their goals and objectives are more seamlessly integrated with the businesses and that the people, tools and processes we need to compete are available and effective.

And while we still expect that cash generated from operations will total zero this year, 2010 financial performance otherwise has been strong. We will be well-positioned as we enter 2011 and return to our more normal operating cash flow as deliveries of the 787 and 747-8 begin.

I want to thank you for your commitment to improving cash performance over the past year and a half and for your continued support as we meet future challenges.

Your performance has enabled us to remain competitive and better positioned to bid for programs like the multiyear F/A-18, which would provide our customer tremendous value and capability while bolstering our production base.

Strong performance also provided the foundational resources necessary to help us add new capabilities, such as the Argon ST and Narus acquisitions, and invest in the development of new products like the Phantom Ray, A160T and Integrator unmanned air systems for that fast-growing market.

We were able to fund production improvements and expansion at our facilities in Everett and Renton, Wash., and in Charleston, S.C., as well as the studies on replacements in our single- and twin-aisle commercial offerings.

As a result, Boeing is well-positioned to provide innovative, best-value products and services to better meet emerging customer requirements even as competition grows more intense.

Much of our success is due to operating as "One Boeing" and through the personal leadership demonstrated by employees at all levels within the enterprise.

There will continue to be changes in the business environment—that much is a certainty—but Boeing has always risen to challenges.

We can be confident going forward that we will address them successfully as we continue our focus on competitiveness and innovation to provide best-value solutions that meet our customers' needs. ■