



Third Quarter 2009 Performance Review

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October 21, 2009

Third-Quarter Summary

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- Revenues reflect good performance across defense and commercial businesses amidst an uncertain market environment
- Earnings include previously announced 787 cost reclassification and 747-8 charge, with otherwise solid performance in defense and commercial businesses
- Strong fundamental product-and-services strategies and execution
- 787 side-of-body modification on initial airplanes progressing
- Well-diversified backlog at \$320 billion

Operating engine running well... working through challenges

Business Environment

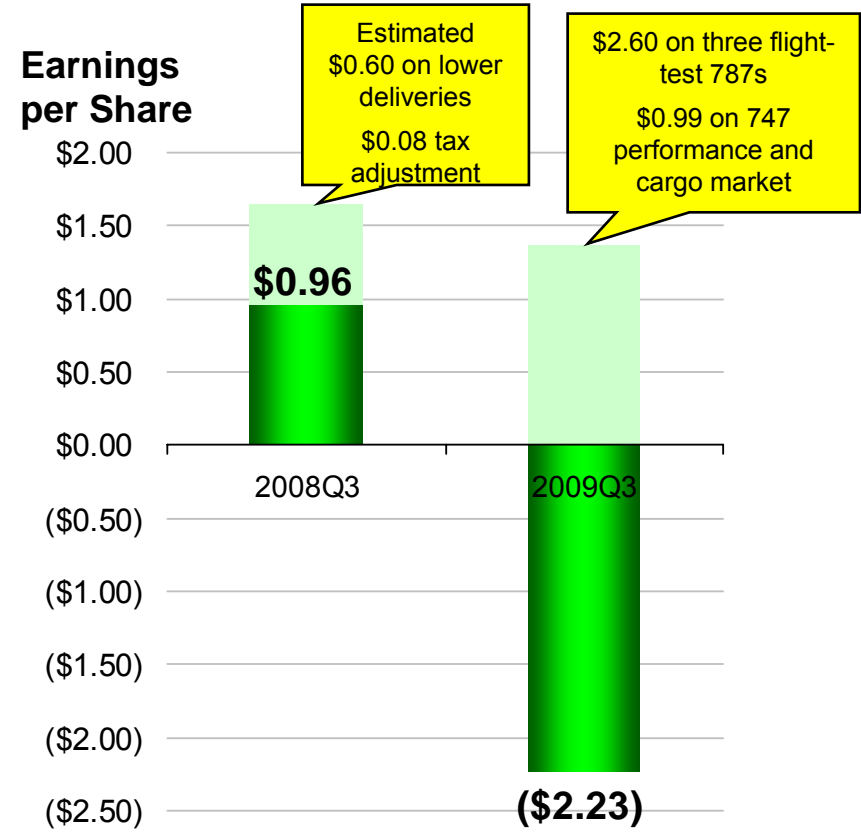
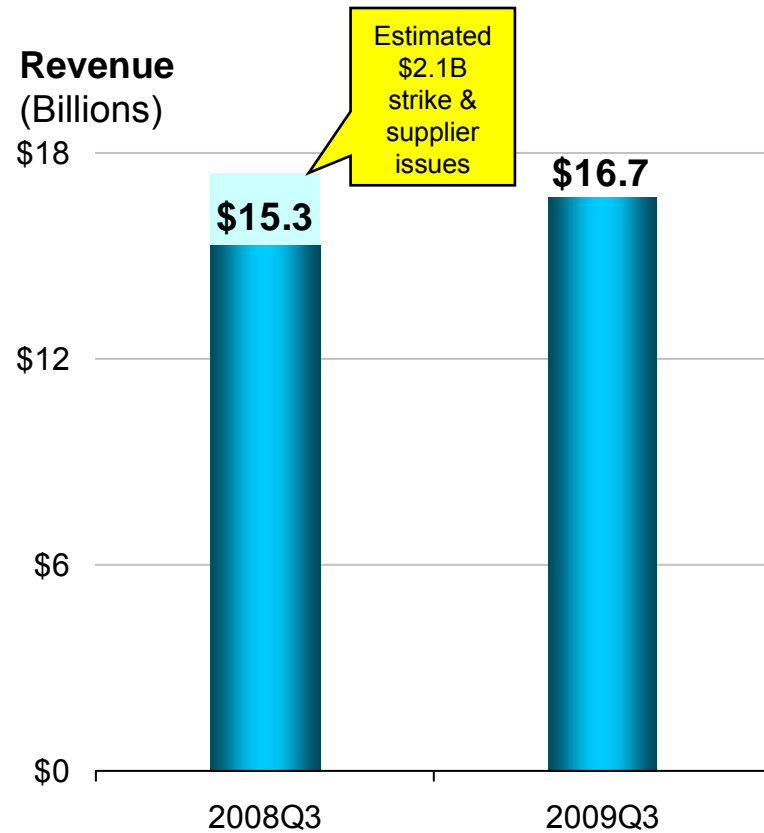
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- Continued weakness in global economy, beginning to stabilize
- Aircraft financing market remains challenging but showing signs of gradual improvement
- Defense budget uncertainties and opportunities
- Large, diversified backlog provides relative strength in uncertain times
- Vigilant focus on improving competitiveness
- Longer-term, commercial aviation remains growth industry and defense markets will trend with threat environment

Well-positioned for uncertain times

Third-Quarter Revenue and Earnings

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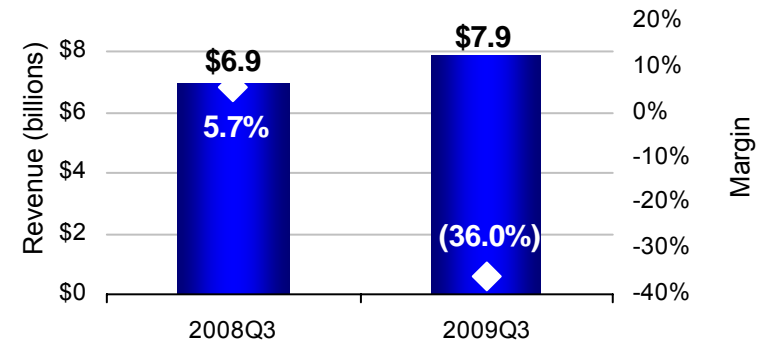
Performance reflects commercial development and market challenges

Commercial Airplanes

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- **3Q results impacted by 787 R&D reclassification and 747 charge**
- **Solid performance in production and services programs**
- **Delivered 113 airplanes in third quarter**
- **Won 96 gross orders in 3Q... net orders impacted by cancellations**
 - Well-balanced and diversified backlog of \$254 Billion
- **787 Progress**
 - Side-of-body modifications underway
 - Completed acquisition of 787 facilities in South Carolina
- **747-8 Progress**
 - 1st and 2nd Freighters achieved power-on
 - Completed critical design review for Intercontinental

Revenues & Operating Margins



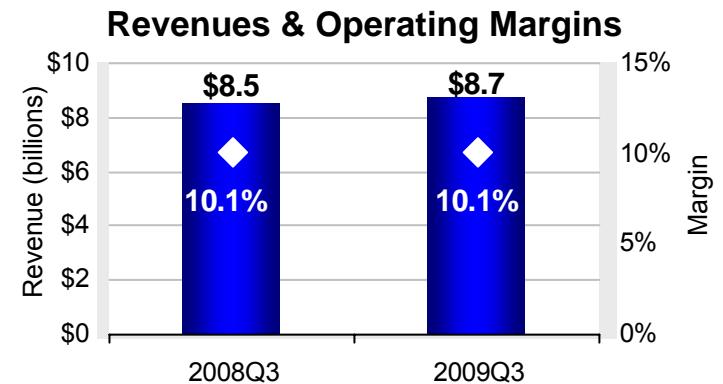
1st 747-8 Freighter engines installed

Focused on execution, quality, and productivity

Integrated Defense Systems

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- **Strong operating performance**
 - Growing revenue and double-digit margins
- **Executing well-balanced defense portfolio**
 - Delivered 34 production aircraft and 2 satellites
 - Airborne Laser successfully fires laser in flight
 - Advanced Tactical Laser achieved key milestones
 - FAB-T completes first flight test
- **Awarded new and follow-on business**
 - Canada purchases 15 Chinooks
 - Intelsat signs a contract for four satellites
 - UK Chinook modernization contract
 - P-8 India contract finalized



Boeing 702B Satellite

Focused on the customer... committed to execution

Other Results

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▪ **Boeing Capital Corporation**

- Supporting business units while prudently managing portfolio and risk
- Portfolio run-off and depreciation exceeded modest new aircraft financing
- Delivered pre-tax income of \$39 million on \$166 million in revenues

▪ **Other and Unallocated Expense**

- Other Segment expense of \$36 million
- Unallocated expenses increased by \$112 million, or \$0.11 per share, driven by higher deferred compensation expense
- Higher debt level and lower cash balance reduced income by \$102 million, or \$0.10 per share
- Total pre-tax (non-cash) pension expense was \$230 million, up \$54 million

Supporting businesses and managing risks

Cash Flow

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\$ Billions	3Q08	3Q09
Net Earnings	0.7	(1.6)
Depreciation/non-cash	0.4	0.6
Working Capital ¹	(1.6)	2.3
Pension Contributions	<u>(0.0)</u>	<u>(0.1)</u>
Operating cash flow	(0.4)	1.2
Free cash flow*	(0.9)	1.0

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 October 21, 2009.

- **Cash flow used to fund operations and growth**

- No Q3 impact to cash flows from 787 cost reclassification and 747 charge... earnings reduction offset by working capital reduction

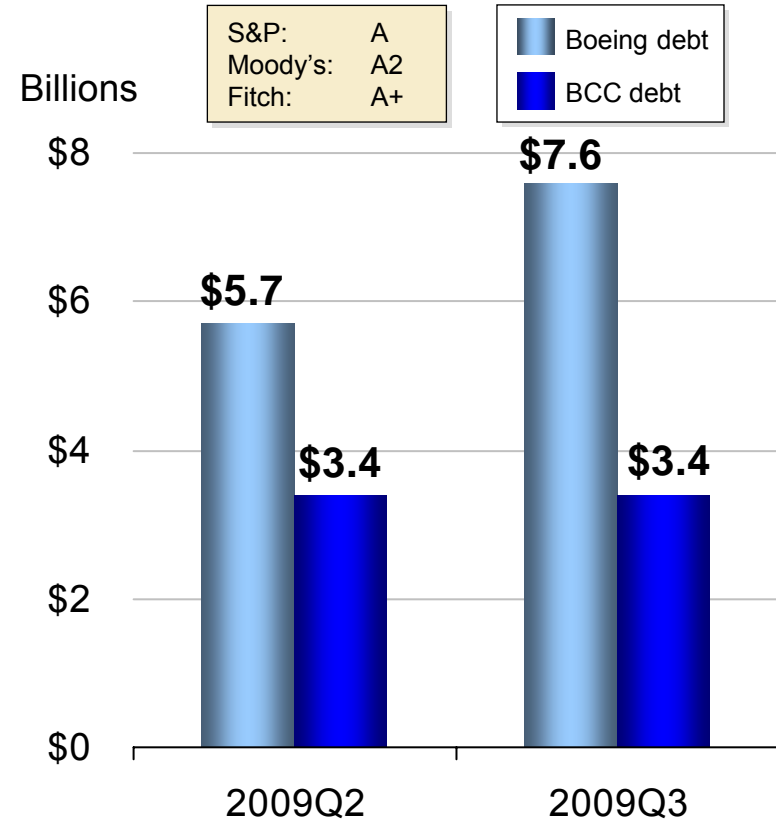
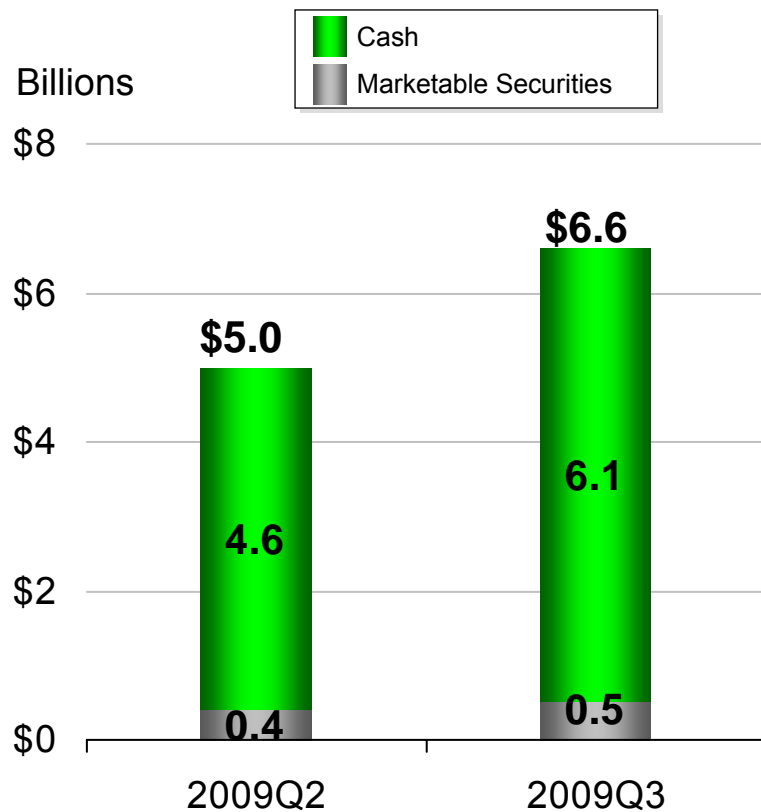
- **Balanced cash deployment**

- Investment in growth
- Improved liquidity

Investing for future growth

Cash and Debt Balances

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Strengthened liquidity... debt markets attractive

Financial Guidance

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2009

Revenues

\$68B - \$69B

Earnings Per Share

\$1.35 - \$1.55

~~\$4.70 - \$5.00~~

Operating Cash Flow¹

>\$2.5B

¹After pension contributions of \$0.5 billion and assumed \$0.8 billion in new aircraft financings in 2009

Guidance reflects 787 cost reclassification and 747 charge

EPS Guidance Walk

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2009 Guidance issued on January 28, 2009 **\$5.05 - 5.35**

Q1: Lower price escalation forecasts ~(-0.35)
 Q1: Twin-aisle production decisions -
 Lower pension expense forecast ~0.10
 Higher interest expense ~(0.10)

Previously considered in guidance

2009 Guidance issued on April 22, 2009 **\$4.70 - 5.00**

Q3: 747 forward-loss (0.89)
\$0.99 impact in Q3; \$0.89 impact for the year

Cost increases	(0.57)
Production decision	(0.32)
747 forward-loss	(0.89)

Q3: 787 reclassification of \$2.7B...
 ... \$2.5B through July, \$0.1B in Aug-Sept, \$0.1B in Q4 ~(2.40)
\$2.60 impact in Q3; ~\$2.40 impact for the year

Additional R&D ~(0.25)
787 operating model rebalancing, IDS R&D

Lower commercial services earnings / mix ~(0.15)

Performance / Other 0.24 to 0.34

2009 Guidance issued on October 21, 2009 **\$1.35 - 1.55**

Forward-Looking Information Is Subject to Risk and Uncertainty

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Certain statements in this report may be “forward-looking” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “targets,” “anticipates,” and similar expressions are used to identify these forward-looking statements. Forward-looking statements are based upon assumptions about future events that may not prove to be accurate. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak to events only as of the date they are made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by federal securities laws. Specific factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, those set forth below and other important factors disclosed previously and from time to time in our other filings with the Securities and Exchange Commission: the effect of economic conditions in the United States and globally; the impact on our accounts receivable, customer financing portfolios and allowance for losses of customer defaults and changes in customer credit ratings, credit default rates and collateral values; the impact on our revenues and operating results of changes to indices included in indexed price escalation clauses included in our contracts with commercial airplane and defense customers; the successful execution of our Commercial Airplanes and Integrated Defense Systems backlog; the effects of customers canceling, modifying and/or rescheduling contractual orders and advance payments; the timing and effects of any decisions to increase or decrease the rate of commercial airplane production; the timing and effects of decisions to complete or launch a Commercial Airplanes program; the ability to successfully develop and timely produce the 787 and 747-8 aircraft; the ability of our suppliers and, as applicable, subcontractors to successfully and timely perform their obligations; the effect on our revenues of political and legal processes, changing defense priorities, and associated budget reductions by U.S. and international government customers affecting Boeing defense programs; our relationship with our union-represented workforce and the negotiation of collective bargaining agreements; the impact of volatile fuel prices and the airline industry’s response; the effect of trade and globalization on long-term growth in passenger and cargo traffic; the effect of world trade and credit availability on air cargo traffic; the effect of declines in aircraft valuations; the impact of airline traffic volumes and revenue yields on near-term global airline profitability; the impact on our revenues or operating results of airline bankruptcies; the availability of commercial and government financing and the extent to which we are called upon to fund outstanding financing commitments or satisfy other financing requests, and our ability to satisfy those requirements; the continuation of historical costs for fleet support services; the receipt of estimated award and incentive fees on U.S. government contracts; the future demand for commercial satellites and projections of future order flow; the potential for technical or quality issues on development programs, including the Airborne Early Warning and Control program, International KC-767 Tanker, other fixed-price development programs, or commercial satellite programs, to affect schedule and cost estimates, or cause us to incur a material charge or experience a termination for default; the outcome of any litigation and/or government investigation in which we are a party, and other contingencies; returns on pension fund assets, impacts of future interest rate changes on pension obligations and rising healthcare costs; our ability to access external capital resources to fund our operations; the amounts and effects of underinsured operations, including satellite launches; our ability to recover the proportionate amounts owed to us from the other Sea Launch partners; and the scope, nature or impact of acquisition or disposition activity and investment in any joint ventures/strategic alliances, including Sea Launch and United Launch Alliance, and indemnifications and guarantees related thereto.



Non-GAAP Measure Disclosure

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The Boeing Company and Subsidiaries
Reconciliation of Non-GAAP Measures
Boeing Commercial Airplanes Operating Margin Excluding 787 Cost Reclassification and 747 Charge
(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 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. Boeing Commercial Airplanes Operating Margin Excluding 787 Cost Reclassification and 747 Charge is not a measure recognized under GAAP. The determination of significant charges or credits may not be comparable to similarly titled measures used by other companies and may vary from quarter to quarter.

	Three Months ended September 30, 2009
GAAP Boeing Commercial Airplanes Operating Margins	(36.0%) <i>a</i>
Reclassification of R&D Costs incurred for first three 787 flight test airplanes through July 2009	31.5% <i>b</i>
Subsequent R&D spending on those airplanes for August and September	1.8% <i>c</i>
<u>Charge for increase to 747 reach-forward loss</u>	<u>12.7% <i>d</i></u>
Boeing Commercial Airplanes Operating Margin Excluding 787 Cost Reclassification and 747 Charge	10.0%

a Represents Commercial Airplanes reported segment loss from operations of \$2,837 million, expressed as a percentage of Commercial Airplanes revenues of \$7,883 million.

b Represents the reclassification of costs incurred for the first three 787 flight test airplanes through July 2009, totaling \$2,481 million, expressed as a percentage of Commercial Airplanes revenues.

c Represents the costs incurred for the first three 787 flight test airplanes in August and September of 2009, totaling \$138 million, expressed as a percentage of Commercial Airplanes revenues. These costs are also included in research and development expense.

d Represents 747 reach-forward losses of \$1,005 million, expressed as a percentage of Commercial Airplanes revenues.