Boeing to Continue 717 Production; Updates Sept. 11 Financial Impacts

Boeing affirmed today its commitment to the 717 jetliner program and provided an estimate of non-recurring charges related to this and other Sept. 11 events.

Based on current information and assessments, the company expects to recognize non-recurring, after-tax charges in the fourth quarter totaling approximately $700 million for these Sept. 11- related events, as well as some minor charges at its Military Aircraft and Missile Systems unit. The cash flow impact has been included in our guidance.

At the time of its third quarter earnings release, Boeing officials said they were still assessing the financial impact of the events of Sept. 11 and the future of the 717 program.

After a thorough evaluation of the program and market, Boeing has made a business decision to continue production of the 717. The 717 is the leading 100-passenger airplane. However, due to reduced near-term demand following the events of Sept. 11, the program will go forward with a lower production rate and revised delivery projections.

Additional Sept. 11-related financial impacts the company has identified to date result from overall airplane production rates being reduced commensurate with lower market demand. These impacts include additional employee severance and out- placement service costs, aircraft and spares inventory valuations, and exposure from contractual obligations with customers and suppliers.

The total non-recurring, after-tax charge in the fourth quarter is anticipated to be about $700 million or an impact per share of approximately ($0.86). The total non-recurring impact for the full year, as shown in the table below, is anticipated to be about ($0.30).

Full Year 2001 Non-Recurring Impact:		**Net**
(Dollars in Millions, except EPS)	**EPS***	**Earnings**
1Q01		
R&D tax settlement	$0.40	$343
Interest on R&D tax settlement	$0.16	$132
2Q01		
F-15E program adjustment	$0.04	$36
3Q01		
Severance - initial 9/11 reductions	($0.08)	($63)
4Q01- Anticipated		
Current Assessment	($0.86)	($700)
Total Year Non-Recurring Impact	($0.30)	($252)

* Total reflects weighted average of diluted shares and rounding impacts. 810 million diluted shares for 4Q as of 11/30/01.

All of the Sept. 11-related items will be reflected as a special charge.

Boeing's commercial airplane delivery guidance is unchanged, with an expected 522 airplanes delivered in 2001, 350-400 deliveries in 2002, and a continued downward trend for 2003.

The company's financial guidance, excluding the non-recurring items, remains the same as updated in the third quarter:

Financial Outlook	**2001**	**2002**
Revenue (in billions)	$58B ±	$55B ±
Operating margins (%)	8.25% ±	8.25% ±
Free cash flow (in billions)	$2.5B ±	$3.0B

This projection is an ongoing assessment that reflects current market conditions. Boeing's fourth quarter earnings release is scheduled for January 2002.

Boeing will conduct a conference call with analysts today (Dec. 13) at 12:00 p.m. Eastern Standard Time to discuss this announcement. The conference call will be webcast on the Internet at www.boeing.com.

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 (including, without limitation, the "sonic cruiser"), deliveries, realization of technical and market benefits from acquisitions, revenues, operating margins, free cash flow, taxes, research and development expenses, 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; 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 company's 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, and other cost-reduction efforts; the actual outcomes of certain pending sales campaigns and U.S. and foreign government procurement activities; 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; 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 10Q's for the quarters ended 31 March 2001, 30 June 2001 and September 30, 2001.

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