Boeing Reports Second-Quarter Financial Results, Reaffirms Guidance

- Second-quarter revenues steady at \$17.0 billion
- Net income was \$0.9 billion with EPS of \$1.16 per share, including a previously disclosed charge of \$0.22 per share
- First-half EPS grew 13 percent to \$2.79 per share as revenue grew 2 percent to \$33.0 billion
- Backlog at record \$346 billion
- 2008 and 2009 financial guidance reaffirmed

PRNewswire-FirstCall CHICAGO (NYSE:BA)

CHICAGO, July 23 / PRNewswire-FirstCall / --

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Table 1. Summary Financial
Results
(Millions, except 2nd Quarter
                                 First Half
per share data) 2008 2007 Change 2008
                                           2007 Change
            $16,962 $17,028 (0%) $32,952 $32,393
Revenues
                                                    2%
Earnings From
Operations
             $1,247 $1,506 (17%) $3,046 $2,815
Operating Margin 7.4% 8.8% (1.4)Pts 9.2%
                                           8.7% 0.5 Pts
Reported Net
             $852 $1,050 (19%) $2,063 $1,927
Income
Reported Earnings
per Share
             $1.16 $1.35 (14%) $2.79 $2.48 13%
Operating Cash
           ($251) $3,634 N.A. $1,682 $4,362 (61%)
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The Boeing Company's (NYSE: BA) second-quarter earnings per share decreased 14 percent to \$1.16 per share, on revenue of \$17.0 billion and an operating margin of 7.4 percent. Results were affected by the previously disclosed charge for the Airborne Early Warning & Control (AEW&C) program and lower profitability due to mix and timing in Commercial Airplanes, partially offset by lower centralized costs (Table 1).

For the first half of 2008, revenue grew 2 percent to \$33.0 billion, operating margin grew to 9.2 percent, net income rose 7 percent to \$2.1 billion, and earnings per share increased 13 percent to \$2.79 per share, despite the AEW&C charge. Results reflected good performance in the company's core businesses and lower unallocated costs.

Boeing reaffirmed its 2008 earnings per share guidance of between \$5.70 and \$5.85 as well as its 2009 earnings per share guidance of between \$6.80 and \$7.00.

"While we faced some challenges this quarter that affected our results, we remain confident in our outlook for the remainder of this year and 2009," said Chairman, President and CEO Jim McNerney. "Strong global demand for our products and services, a record backlog, and a sustained focus on productivity improvement and execution will continue to drive growth and profitability for this company."

Second-quarter operating cash flow was (\$0.3) billion, reflecting a planned increase in working capital requirements, mostly inventory for 787 (Table 2). First-half operating cash flow was \$1.7 billion, and free cash flow* was \$0.9 billion. Total company backlog at quarter-end was \$346 billion, up 6 percent year-to-date driven by commercial airplane orders.

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Table 2. Cash Flow
                       2nd Quarter
                                            First Half
(Millions)
                2008
                          2007
                                    2008
                                              2007
                                           $1,682
Operating Cash Flow (1) ($251)
                                 $3,634
                                                      $4,362
Less Additions to
Property, Plant &
Equipment
                  ($398)
                             ($414)
                                       ($807)
                                                 ($865)
Free Cash Flow*
                    ($649)
                              $3,220
                                          $875
                                                   $3,497
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- (1) Operating cash flow includes \$517 in pension plan contributions in first half of 2008 and \$523 in first half 2007, both mostly in 1Q.
- * Non-GAAP measure. A complete definition and reconciliation of Boeing's use of non-GAAP measures, identified by an asterisk (*), is found on page 8. "Non-GAAP Measure Disclosure."

Cash and investments in marketable securities totaled \$10.2 billion at quarter-end, down from the end of the first quarter but essentially unchanged from the same period last year (Table 3). During the quarter, the company returned \$1.2 billion to shareholders by repurchasing 11.0 million shares for \$859 million and paying \$300 million in dividends. Share repurchases in the first half totaled \$2.1 billion for 26.6 million shares.

Table 3. Cash, Marketable Securities and Debt Balances

Quarter-End			
2Q08	1Q08		
\$5.6	\$7.7		
	\$4.6		
\$10.2	\$12.1		
	\$3.9	\$3.9	
	\$4.3	\$4.3	
	\$8.2	\$8.2	
	2Q08 \$5.6	\$5.6 \$7.7 \$4.6 \$10.2 \$12.1 \$3.9 \$4.3	

(1) Marketable securities consists primarily of investments in high-quality fixed-income and asset-backed securities classified as "short-term investments" and "investments." At June 30, 2008, it also includes time deposits of \$1.2 billion and commercial paper of \$0.2 billion classified as "short-term investments." At March 31, 2008, it also included time deposits of \$1.5 billion and commercial paper of \$0.1 billion classified as "short-term investments."

Segment Results Commercial Airplanes

Boeing Commercial Airplanes (BCA) second-quarter revenues were \$8.6 billion, 2 percent below the same period last year, driven by customer and model mix and lower aircraft trading revenues, partially offset by higher delivery unit volume (Table 4). Operating earnings were \$777 million versus \$960 million in the year ago period due to customer and model mix, as well as timing of period expenses and infrastructure costs absorbed by the production programs due to the 787 schedule push-out announced in April.

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Table 4. Commercial Airplanes Operating Results
(Millions, except
deliveries & margin 2nd Quarter
                                  First Half
percent)
            2008 2007 Change 2008 2007 Change
Commercial Airplanes
Deliveries
             126 114 11% 241 220 10%
             $8,567 $8,707 (2%) $16,728 $16,262
Revenues
                                                   3%
Earnings from
Operations
             $777 $960 (19%) $1,760 $1,666 6%
Operating Margins 9.1% 11.0% (1.9)Pts 10.5% 10.2% 0.3 Pts
```

For the first half, BCA revenues rose 3 percent to \$16.7 billion on higher deliveries partially offset by lower aircraft trading volume and customer mix. Operating earnings grew 6 percent to \$1.8 billion while margins expanded to 10.5 percent driven by higher deliveries and lower R&D, partially offset by higher period expenses, and the infrastructure cost absorption noted above.

BCA booked 187 gross orders during the quarter and 476 during the first half. Contractual backlog rose to a record \$275 billion, increasing 8 percent year-to-date to nearly eight times BCA's annual revenues.

Progress on the new 787 Dreamliner continues on the revised schedule announced in April. Having completed the power-on milestone, the program is in the final stages of assembly of the first airplane in preparation for flight test. While Boeing continues to address challenges associated with assembly of the initial airplanes, the program has achieved meaningful improvements in the completeness of structure and systems installation. The company completed its acquisition of a 50 percent equity interest in Global Aeronautica which will allow Boeing to exercise greater operational control of this key 787 integration facility. The risks that are always inherent in the latter stages of new airplane program production still remain. The company expects the first flight of the 787 to occur in the fourth quarter of 2008 with first delivery in the third quarter of 2009. To date, the program has won orders for 896 airplanes from 58 customers.

Integrated Defense Systems

Boeing Integrated Defense Systems (IDS) reported second-quarter revenue of \$7.9 billion, virtually unchanged from last year. Operating earnings were \$637 million and were affected by the previously disclosed \$248 million charge on the AEW&C program. This charge reduced IDS operating margins by 3.2 points to 8.0 percent.

For the first half, IDS revenue declined slightly to \$15.5 billion, operating earnings declined 9 percent to \$1.5 billion and operating margins declined to 9.7 percent, reduced 1.6 points by the charge.

Table 5. Integrated Defense Systems Operating Results

(Millions, except 2nd Quarter First Half

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margin percent)
               2008
                      2007 Change 2008
                                           2007 Change
Revenues
Precision
 Engagement
 & Mobility
 Systems
            $3,293 $3,416 (4%) $6,549 $6,743
                                                  (3\%)
 Network & Space
            $2,802 $2,902 (3%) $5,495 $5,680
                                                  (3\%)
 Systems
 Support Systems $1,839 $1,654 11% $3,465 $3,266
                                                     6%
Total IDS
Revenues
             $7,934 $7,972 (0%) $15,509 $15,689
                                                   (1%)
Earnings (Loss)
from Operations
Precision
 Engagement &
 Mobility Systems $160
                       $405 (60%)
                                    $549
                                           $838 (34%)
 Network & Space
 Systems
                                         $405 24%
             $237
                     $257
                           (8%) $504
 Support Systems $240
                       $193
                              24%
                                    $444
                                            $396
                                                  12%
Total IDS Earnings
from Operations $637
                       $855 (25%) $1,497 $1,639
                                                   (9\%)
                                            10.4% (0.7)Pts
Operating Margins 8.0%
                      10.7% (2.7)Pts 9.7%
```

Precision Engagement & Mobility Systems, which was just renamed Boeing Military Aircraft, reported second-quarter revenues slightly lower at \$3.3 billion because of fewer aircraft deliveries. Although overall production program performance was strong, the operating margins were 4.9 percent for the quarter due to the charge noted above which reduced margins by 7.5 points.

For the quarter, revenues in Network & Space Systems declined slightly to \$2.8 billion on lower Proprietary volume. Operating margins of 8.5 percent were due to solid performance across the segment's broad array of programs partially offset by lower Proprietary earnings. N&SS achieved significant milestones on several key programs in the quarter including Future Combat Systems' successful completion of the Joint Expeditionary Force Experiment.

Support Systems again generated strong growth and profitability on its broad portfolio of services and logistics programs. Revenues rose 11 percent to \$1.8 billion on growth in integrated logistics and aircraft modifications. Operating earnings rose 24 percent to \$240 million, and the operating margin grew to 13.1 percent on solid program execution, productivity improvements and contract mix.

The IDS backlog at quarter-end was \$71.3 billion, down from the beginning of the quarter reflecting current-period revenues that exceeded new orders. Significant new awards in the quarter included a follow-on Republic of Korea contract for F-15Ks, KC-135 Programmed Depot Maintenance and a significant Proprietary contract.

Boeing Capital Corporation

Boeing Capital Corporation (BCC) reported second-quarter pre-tax earnings of \$45 million down from \$70 million in the same period last year which included a larger portfolio (Table 6). In the Other segment, the company also increased aircraft financing reserves by \$82 million. BCC's portfolio balance at the end of the quarter was \$6.2 billion, down from \$6.5 billion at the beginning of the year primarily on normal portfolio run-off and depreciation. BCC contributed \$39 million in cash dividends to Boeing during the quarter and \$74 million in the first half. BCC's debt-to-equity ratio remained steady at 5.0-to-1.

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Table 6. Boeing Capital Corporation Operating Results
           2nd Quarter
                               First Half
                   2007 Change 2008
                                          2007 Change
(Millions)
             2008
                                           $422 (14%)
               $179
                      $209 (14%)
                                    $364
Revenues
Pre-Tax Income
                 $45
                        $70 (36%) $106
                                            $143 (26%)
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Additional Information

The "Other" segment consists primarily of Boeing Engineering, Operations and Technology as well as certain results related to the consolidation of all business units. Other segment expense was \$135 million in the second quarter, up from \$66 million in the same period last year due to the increased aircraft financing reserves noted above.

Unallocated expense was \$77 million, down from \$313 million last year. Share-based plans expense was \$118 million lower due to acceleration of expense in the year-ago quarter. Deferred compensation expense was \$73 million lower due to changes in Boeing stock price and broad stock market conditions. Unallocated pension expense was lower by \$65 million.

Total pension expense was \$216 million, down from \$251 million in the same quarter last year, of which \$76 million was recorded in unallocated expense and the balance was recorded as expense in the business segments.

Outlook

The financial guidance issued in April is unchanged, other than an adjustment between IDS segment margins that is referenced below. The guidance reflects expectations for strong business performance in BCA and IDS, increasing commercial airplane deliveries, decreasing investment in new airplane development, and company-wide productivity gains.

Boeing's 2008 revenue guidance is \$67 billion to \$68 billion. For 2009, the company expects revenues between \$72 billion and \$73 billion. Earnings-per-share guidance for 2008 is reaffirmed at \$5.70 to \$5.85 per share while EPS guidance for 2009 remains at \$6.80 to \$7.00 per share. For 2008 operating cash flow is expected to be greater than \$2.5 billion, increasing to more than \$6 billion in 2009.

Commercial Airplanes' 2008 delivery guidance remains between 475 and 480 airplanes and is sold out. BCA revenue guidance for 2008 remains \$34.5 billion to \$35 billion, and operating margin guidance is approximately 11.5 percent, as the mix and expense timing issues experienced in the second quarter are addressed in the second half of the year. In 2009 BCA expects to deliver between 500 and 505 commercial airplanes -- including approximately 25 Dreamliners -- and is essentially sold out. BCA's 2009 revenue is expected to grow to between \$37 billion and \$38 billion, accompanied by margins of approximately 11.5 percent. Boeing also expects to deliver more airplanes in 2010 than in 2009.

IDS revenue guidance for 2008 is \$32 billion to \$33 billion. Expected operating margins for IDS remain unchanged at approximately 10.5 percent, although the segment margins within IDS have been adjusted for 2008. For 2009, IDS expects revenue to grow to between \$33.5 billion and \$34.5 billion, with operating margins exceeding 10.5 percent.

Boeing's 2008 R&D forecast is between \$3.6 billion and \$3.8 billion. R&D spending in 2009 is expected to decline to between \$3.1 billion and \$3.3 billion. Annual capital expenditures are expected to be approximately \$1.8 billion in 2008 and approximately \$1.7 billion in 2009.

The company's non-cash pension expense is expected to be approximately \$0.8 billion for 2008, falling to approximately \$0.5 billion in 2009, although it may vary due to discount rates and investment returns. Discretionary cash funding of Boeing's pension plans is expected to be approximately \$0.5 billion in 2008 (contributed during the first quarter) and 2009, although the company will continue to evaluate making additional discretionary contributions to its pension plans.

Table 7. Financial Outlook

(Billions, except per share data) 2008 2009

The Boeing Company

Revenues \$67 - \$68 \$72 - \$73

Earnings Per Share (GAAP) \$5.70 - \$5.85 \$6.80 - \$7.00

Operating Cash Flow(1) > \$2.5 > \$6

Boeing Commercial Airplanes

 Deliveries
 475 - 480
 500 - 505

 Revenues
 \$34.5 - \$35
 \$37 - \$38

 Operating Margin
 ~ 11.5%
 ~ 11.5%

Integrated Defense Systems

Revenues

Precision Engagement & Mobility Systems ~ \$13.5 Moderate Growth
Network & Space Systems ~ \$12 Moderate Growth
Support Systems ~ \$7 Moderate Growth
Total IDS Revenues \$32 - \$33 \$33.5 - \$34.5

Operating Margin

Precision Engagement & Mobility Systems ~ 10.5% Low Double Digit
Network & Space Systems ~ 9% High Single Digit
Support Systems ~ 13% Low Double Digit
Total IDS Operating Margin ~ 10.5% > 10.5%

Boeing Capital Corporation

Research & Development \$3.6 - \$3.8 \$3.1 - \$3.3 Capital Expenditures \$1.8 ~ \$1.7

 After pension contributions of \$0.5 billion in the first quarter of 2008 and \$0.5 billion forecast in 2009.

Non-GAAP Measure Disclosure

Management believes that the non-GAAP (Generally Accepted Accounting Principles) measures (indicated by an asterisk *) used in this report provide investors with important perspectives into the company's ongoing business performance. The company does not intend for the information to be considered in isolation or as a substitute for the related GAAP measures. Other companies may define the measures differently. The following definitions are provided:

Free Cash Flow

Free cash flow is defined as GAAP operating cash flow less capital expenditures for property, plant and equipment additions. Management believes free cash flow provides investors with an important perspective on the cash available for shareholders, debt repayment, and acquisitions after making the capital investments required to support ongoing business operations and long term value creation. Free cash flow does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt. Management uses free cash flow internally to assess both business performance and overall liquidity. Table 2 provides a reconciliation between GAAP operating cash flow and free cash flow.

Forward-Looking Information Is Subject to Risk and Uncertainty

Certain statements in this report may constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "intends," "plans," "projects," "believes," "estimates," and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements in this press release include, among others, statements regarding future results as a result of our growth and productivity initiatives, our 2008 and 2009 financial outlook and the benefits of the IDS structure. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak only as of the date they were 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. Our actual results and future trends may differ materially depending on a variety of factors, including the continued operation, viability and growth of major airline customers and non-airline customers (such as the U.S. Government): adverse developments in the value of collateral securing customer and other financings; the occurrence of any significant collective bargaining labor dispute; our successful execution of internal performance plans including our companywide growth and productivity initiatives, production rate increases and decreases (including any reduction in or termination of an aircraft product), availability of raw materials, acquisition and divestiture plans, and other cost-reduction and productivity efforts; charges from any future SFAS No. 142 review; ability to meet development, production and certification schedules for the 787 program and the ability to meet scheduled deliveries of the 787 airplane; technical or quality issues in development programs (affecting schedule and cost estimates) or in the satellite industry; an adverse development in rating agency credit ratings or assessments; the actual outcomes of certain pending sales campaigns and U.S. and foreign government procurement activities, including the uncertainty associated with the procurement of tankers by the U.S. Department of Defense (DoD) and funding of the C-17 program; the cyclical nature of some of our businesses; unanticipated financial market changes which may impact pension plan assumptions; domestic and international competition in the defense, space and commercial areas; continued integration of acquired businesses; performance issues with key suppliers, subcontractors and customers; significant disruption to air travel worldwide (including future terrorist attacks); global trade policies; worldwide political stability; domestic and international economic conditions; price escalation; the outcome of political and legal processes, changing priorities or reductions in the U.S. Government or foreign government defense and space budgets; termination of government or commercial contracts due to unilateral government or customer action or failure to perform; legal, financial and governmental risks related to international transactions; legal and investigatory proceedings; tax settlements with the IRS and various states; U.S. Air Force review of previously awarded contracts; costs associated with the exit of the Connexion by Boeing business; and other economic, political and technological risks and uncertainties. Additional information regarding these factors is contained in our SEC filings, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Report on Form 10-Q for the guarter ended March 31, 2008.

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

Six months ended Three months ended June 30 June 30 (Dollars in millions except per 2008 2007 2008 2007 share data) \$27,986 \$28,016 \$14,298 \$14,787 Sales of products Sales of services 4,966 4,377 2,664 2,241 32,952 32,393 16,962 17,028 Total revenues Cost of products (22,425) (22,140) (11,637) (11,709) (4,003) (3,583) (2,248) (1,827) Cost of services **Boeing Capital Corporation interest** (119) (152) (57) (73) expense Total costs and expenses (26,547) (25,875) (13,942) (13,609) 6,405 6,518 3,020 3,419 Income from operating investments, 123 89 65 General and administrative expense (1,610) (1,804) (835) (976)Research and development expense, (1,874) (1,988) (1,005) (989)Gain on dispositions/business 2 shutdown, net Earnings from operations 3,046 2,815 1,247 1,506

Other income, net 202 216 102 125 Interest and debt expense (96)(92)(50)(46)Earnings before income taxes 3,152 2,939 1,299 1,585 Income tax expense (1,095) (1,017) (448) (536) Net earnings from continuing operations 2.057 1.922 851 1.049 Net gain on disposal of discontinued operations, net of taxes of \$4, \$4, \$1, and 5 \$1 \$2,063 \$1,927 \$852 \$1,050 Net earnings Basic earnings per share from \$2.82 \$2.52 \$1.18 \$1.38 continuing operations Net gain on disposal of discontinued operations, net of taxes 0.01 0.01 Basic earnings per share \$2.83 \$2.53 \$1.18 \$1.38 Diluted earnings per share from continuing operations \$2.78 \$2.47 \$1.16 \$1.35 Net gain on disposal of discontinued operations, net of

The Boeing Company and Subsidiaries Consolidated Statements of Financial Position (Unaudited)

0.01

0.01

\$2.79

\$0.80 \$0.70

740.0 777.3 732.8 777.0

\$2.48 \$1.16 \$1.35

\$0.40 \$0.35

taxes

(millions)

Diluted earnings per share

Cash dividends paid per share

Weighted average diluted shares

(Dollars in millions except per June 30 December 31 share data) 2008 2007 Assets Cash and cash equivalents \$7,042 \$5,619 Short-term investments 2.266 1,752 5,809 Accounts receivable, net 5,740 Current portion of customer financing, net 198 328 Deferred income taxes 2,414 2,341 Inventories, net of advances and progress billings 10,145 9,563 Total current assets 25,937 27,280 Customer financing, net 6,370 6,777 Property, plant and equipment, net of accumulated depreciation of \$12,313 and \$11,915 8,585 8,265 3,232 Goodwill 3,081 Other acquired intangibles, net 2,223 2,093 Deferred income taxes 276 197 Investments 4.017 4,111 Pension plan assets, net 6,445 5,924 Other assets, net of accumulated amortization of \$439 and \$385 1,425 1,258 \$58,510 \$58,986 Liabilities and Shareholders' Equity Accounts payable and other liabilities \$17,431 \$16,676 Advances and billings in excess of related costs 12,682 13.847 Income taxes payable 253 416 Short-term debt and current portion of long-term debt 916 762 Total current liabilities 31,445 31,538 Deferred income taxes 1,433 1,190 Accrued retiree health care 7,159 7,007 Accrued pension plan liability, 1,083 1,155 Non-current income taxes payable 1,148 1,121

408

516

Other long-term liabilities

Long-term debt 7,240 7,455 Shareholders' equity: Common shares, par value \$5.00 -1,200,000,000 shares authorized; 1,012,261,159 and 1,012,261,159 shares issued 5,061 5,061 Additional paid-in capital 4,093 4,757 Treasury shares, at cost -268,841,528 and 244,217,170 (16,834)(14,842)Retained earnings 22,669 21,376 Accumulated other comprehensive (4,299)loss (4,596)ShareValue Trust shares -31,690,733 and 31,362,850 (2.096)(2,752)Total shareholders' equity 8,594 9,004 \$58,510 \$58,986

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

Six months ended June 30 (Dollars in millions) 2008 2007 Cash flows - operating activities: Net earnings \$ 2,063 \$1,927 Adjustments to reconcile net earnings to net cash provided by operating activities: Non-cash items -Share-based plans expense 191 98 Depreciation 643 676 Amortization of other acquired 81 77 intangibles Amortization of debt discount/premium and issuance costs 6 4 Customer financing valuation provision/(benefit) 80 (35)Gain on disposal of discontinued operations (10)(9)Gain on dispositions/business shutdown, net (2)Other charges and credits, net 78 78 Excess tax benefits from share-based payment arrangements (45)(107)Changes in assets and liabilities -Accounts receivable (129)(761)Inventories, net of advances and progress billings (649)(428)Accounts payable and other liabilities 616 842 Advances and billings in excess of related costs 68 Income taxes receivable, payable and deferred 821 Other long-term liabilities (149)(4)Pension and other postretirement plans (281)41 Customer financing, net 1,107 278 Other (103)(128)Net cash provided by operating 1,682 4,362

activities

Cash flows - investing activities:

Property, plant and equipment additions (807)(865)Property, plant and equipment reductions 16 17 (94)Acquisitions, net of cash acquired (75)(5,606)(1,838)Contributions to investments Proceeds from investments 6,238 1,611 (148)Other (62)

Net cash used by investing activities (401)(1,212)

Cash flows - financing activities:

New borrowings 5 10

Debt repayments (154)(893)Stock options exercised, other 41 151 Excess tax benefits from share-based 45 payment arrangements 107 Common shares repurchased (2,064)(946)Dividends paid (606)(552)Net cash used by financing activities (2,733)(2,123)Effect of exchange rate changes on cash and cash equivalents 11 Net (decrease)/increase in cash and (1,423)1,038 cash equivalents Cash and cash equivalents at beginning of year 6,118 7,042 Cash and cash equivalents at end of period \$ 5,619 \$7,156

The Boeing Company and Subsidiaries Summary of Business Segment Data (Unaudited)

Six months ended Three months ended June 30 June 30 (Dollars in millions) 2008 2007 2008 Revenues: Commercial Airplanes \$16,728 \$16,262 \$8,567 \$8,707 Integrated Defense Systems: Precision Engagement and Mobility Systems 6,549 6,743 3,293 3,416 Network and Space Systems 5,495 5,680 2,802 2,902 Support Systems 3,465 3,266 1,839 1,654 Total Integrated Defense Systems 15,509 15,689 7,934 7,972 **Boeing Capital Corporation** 364 422 179 Other 157 152 81 Accounting 59 differences/eliminations (137)130 124 Total revenues \$32,952 \$32,393 \$16,962 \$17,028 Earnings from operations: Commercial Airplanes \$1,760 \$1,666 \$777 960 Integrated Defense Systems: Precision Engagement and Mobility Systems 549 838 160 405 Network and Space Systems 504 405 237 257 Support Systems 444 396 240 193 Total Integrated Defense Systems 1,497 637 855 1,639 **Boeing Capital Corporation** 106 143 45 70 Other (121) (135) (185)(66)Unallocated expense (132) (512) (77)(313)Earnings from operations 3,046 2,815 1,247 1,506 Other income, net 202 216 102 125 Interest and debt expense (96) (92) (50)(46)3,152 2,939 1,299 1,585 Earnings before income taxes Income tax expense (1,095) (1,017) (448) (536) Net earnings from continuing 2,057 1,922 operations 851 1,049 Net gain on disposal of discontinued operations, net of taxes of \$4, \$4, \$1, and Net earnings \$2,063 \$1,927 \$852 \$1,050 Research and development expense: \$1,403 \$1,557 \$770 \$769 Commercial Airplanes Integrated Defense Systems: Precision Engagement and Mobility Systems 241 222 115 111 73 Network and Space Systems 154 143 78 Support Systems 74 49 41 25 Total Integrated Defense Systems 209 469 414 234 Total research and development expense \$1,874 \$1,988 \$1,005 \$989

\$(45) \$(169)

(63)

\$(15) \$(133)

(53)

20

Unallocated expense: Share-based plans expense

Deferred compensation expense

Pension (143) (271) (76) (141) Post-retirement (40)(59)(20)(27)Capitalized interest (23)(14) (14) Other \$(132) \$(512) \$(77) \$(313) Total

> The Boeing Company and Subsidiaries Operating and Financial Data (Unaudited)

> > Six months ended Three months ended

Deliveries	Ju	ne 30	Jı	une 30	
Commercial Airplanes		2008	200	7 2008	2007
737 Next-Generation		187	169	100	86
747	9	7	5	4	
767	6	6	3	3	
777	39	38	18	21	
Total	241	220	126	114	

Integrated Defense Systems

Precision Engagement and Mobility

Systems

F/A-18 Models	21	22	11	11
F-15E Eagle	4	4 3		3
C-17 Globemaster	8	8	5	4
KC-767 Tanker	2			
CH-47 Chinook	4	6	2	1
T-45TS Goshawk	3	5	2	3
AH-64 Apache	1	8	1	4
C-40A Clipper		2	1	

Network and Space Systems

Commercial and Civil Satellites

June 30 March 31 December 31

1

Contractual backlog (Dollars in

billions) 2007 2008 2008

Commercial Airplanes \$274.5 \$271.2 \$255.2

Integrated Defense Systems:

Precision Engagement and

Mobility Systems 23.8 23.1 23.0 Network and Space Systems 11.0 10.5 Support Systems 9.6 10.7 10.8 45.6 Total Integrated Defense Systems 44.4 Total contractual backlog \$320.1 \$315.6 Unobligated backlog \$26.0 \$30.6 \$30.2 Total backlog \$346.2 \$327.2 \$346.1 163,900 161,500 159,300 Workforce

SOURCE: The Boeing Company

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Web site: http://www.boeing.com/