Boeing Reports Third-Quarter Financial Results

PRNewswire CHICAGO (NYSE:BA)

CHICAGO, Oct. 21 /PRNewswire-FirstCall/ --

- Third-quarter revenue was \$16.7 billion, 9 percent higher than last year's strike-affected quarter
- Loss of \$2.23 per share reflects \$3.59 per share of expenses related to previously announced 787 cost reclassification and 747 charge, partially offset by solid performance in other commercial programs and the defense business
- Operating cash flow increased to \$1.2 billion
- Backlog at \$320 billion nearly five times current annual revenues
- 2009 guidance updated for 787 cost reclassification and 747 charge

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Table 1. Summary Financial Results
           Third Quarter
                            Nine Months
(Dollars in
Millions, except
per share data) 2009 2008 Change 2009 2008 Change
              $16,688 $15,293 9% $50,344 $48,245
                                                    4%
Revenues
Earnings/(Loss) From
Operations
             ($2,151) $1,147 NA $403 $4,193 NA
Operating Margin (12.9%) 7.5% NA 0.8% 8.7% NA
Net Income/(Loss) ($1,564) $695
                               NA
                                    $44 $2,758
Earnings/(Loss)
per Share
              ($2.23) $0.96 NA $0.06 $3.76 NA
Operating Cash Flow $1,197 ($442) NA $2,391 $1,240
                                                    93%
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The Boeing Company (NYSE: BA) reported a third-quarter net loss of \$1.6 billion, or \$2.23 per share, as revenues rose 9 percent to \$16.7 billion. Current period results reflect the previously announced reclassification to research and development (R&D) of costs incurred through July for the first three 787 flight-test airplanes (\$2.46 per share), spending on those planes for August and September (\$0.14 per share), and the 747 charge (\$0.99 per share), partially offset by solid performance in other commercial airplane programs and the company's defense business (Table 1). Last year's strike and supplier production problems reduced year-ago revenue by an estimated \$2.1 billion and earnings by an estimated \$0.60 per share.

Revenues for the first nine months of 2009 rose 4 percent to \$50.3 billion due to higher commercial deliveries and growth in the defense segment. Earnings for the first nine months declined to \$0.06 per share, including the third-quarter impacts described above and a first-quarter \$0.38 per share impact from reductions to future twin-aisle production rates and lower delivery price escalation forecasts in Commercial Airplanes.

Earnings guidance for 2009 has been adjusted to between \$1.35 and \$1.55 per share, from \$4.70 to \$5.00, to reflect the 787 and 747 impacts.

"The 787 cost reclassification and the 747 charge for increased costs and difficult market conditions clearly overshadowed what continues to be otherwise solid performance across our commercial production programs and defense business," said Boeing Chairman, President and Chief Executive Officer Jim McNerney. "We look forward to getting the 787 and 747-8 in the air soon and moving forward with flight test and certification for these two important programs."

Boeing's quarterly operating cash flow was \$1.2 billion, which includes higher cash receipts than the year-ago period partially offset by continued investment in development programs (Table 2). For the first nine months of 2009, operating cash flow was \$2.4 billion. Free cash flow* was \$1.0 billion in the quarter and \$1.4 billion year-to-date.

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Table 2. Cash Flow

Third Quarter Nine Months

(Millions) 2009 2008 2009 2008

Operating Cash Flow(1) $1,197 ($442) $2,391 $1,240

Less Additions to Property,
Plant & Equipment ($229) ($422) ($965) ($1,229)
```

Free Cash Flow* \$968 (\$864) \$1,426 \$11

Cash and investments in marketable securities totaled \$6.6 billion at September 30, up 31 percent from the end of the second quarter. The cash position was improved by the issuance of \$1.95 billion in debt partially offset by investing cash flows of \$1.0 billion for the purchase of 787 facilities in South Carolina and payment of Sea Launch guarantees (Table 3). The company did not acquire any of its shares in the quarter.

Table 3. Cash. Marketable Securities and Debt Balances

Table 3. Cash, Marketable Sec	urities and Debt Balances
	Quarter-
	End
	Liid
(Billions)	3Q09 2Q09
Cash	\$6.1 \$4.6
Marketable Securities(1)	\$0.5 \$0.4
Total	\$6.6 \$5.0
Debt Balances:	
The Boeing Company	\$7.6 \$5.7
0 1 ,	* - * -
Boeing Capital Corporation	\$3.4 \$3.4
Total Consolidated Debt	\$11.0 \$9.1

⁽¹⁾ Marketable securities consists primarily of investment-grade instruments classified as "short-term investments" and "investments."

Total company backlog at quarter-end was \$320 billion, down 2 percent in the quarter, as backlog for both Commercial Airplanes and Integrated Defense Systems declined during the period.

Segment Results

Commercial Airplanes

Boeing Commercial Airplanes (BCA) third-quarter revenues increased 13 percent to \$7.9 billion on higher deliveries partially offset by lower services volume, while last year's revenues were affected by a labor strike and supplier production problems. The current period operating loss of \$2.8 billion reflects the previous 787 and 747 announcements mentioned above. R&D expense includes the \$2.5 billion reclassification of costs incurred through July on the first three 787 flight test airplanes and \$138 million of spending on those airplanes in August and September. The 747 forward-loss of \$1.0 billion is due to increased production costs and difficult market conditions (Table 4).

For the first nine months of 2009, revenues rose to \$24.9 billion on increased airplane deliveries, partially offset by lower volume in services. Operating earnings fell to a loss of \$1.6 billion driven by the 787 and 747 impacts.

Table 4. Commercial Airplanes Operating Results

Thi	d Quarte	r 	Nine Mo	onths		
(Dollars in Millions)	2009	2008 C	hange	2009	2008 CI	nange
Commercial Airpla Deliveries		84 359	% 359	325	10%	
Revenues Earnings/(Loss)	\$7,883	\$6,946	13% \$2	24,868	\$23,674	5%
from Operations	(\$2,837	') \$394	NA (\$1,603)	\$2,154	NA
Operating Margins	(36.0	1%) 5.7%	6 NA	(6.4%)	9.1%	NA

⁽¹⁾ Operating cash flow for third quarter of 2009 includes a \$60 million contribution to pension plans. Operating cash flow for the first nine months includes a \$60 million contribution to pension plans in 2009 and \$531 million in 2008.

^{*} 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."

BCA booked 96 gross orders during the quarter while 17 others were removed from its order book. Contractual backlog was \$254 billion, more than seven times BCA's expected 2009 revenues.

The 787 program has begun the previously announced reinforcement to an area within the side-of-body joint. First flight of the airplane remains on track to occur by the end of 2009, with first delivery scheduled for the fourth quarter of 2010. The company also recently completed its acquisition of the 787 production facility in South Carolina from Vought. Total firm orders are now 840 airplanes from 55 customers, including the previously disclosed ten-unit cancellation that occurred after quarter-end.

Integrated Defense Systems

Boeing Integrated Defense Systems (IDS) third-quarter revenues rose 3 percent to \$8.7 billion on increased military aircraft deliveries and higher volume in services. Operating margins were 10.1 percent reflecting strong performance in Boeing Military Aircraft and Network & Space Systems (Table 5).

For the first nine months of 2009, IDS revenues increased by 5 percent to \$25.1 billion on growth in Military Aircraft and Global Services segments as operating margins were 9.8 percent, increasing earnings 5 percent to \$2.5 billion.

Table 5. Integrated Defense Systems Operating Results

	nird Quarte	r Ni	ne Months		
(Dollars in Million	ns) 2009		nge 2009		Change
Revenues Boeing Military Aircraft Network & Spa Systems Global Service	\$3,951 \$3, ace \$2,711 \$			•	
Support	\$2,082 \$				
Total IDS Reven	ues \$8,7	44 \$8,497	3% \$25	,114 \$24,0	006 5%
Earnings from Operations Boeing Military Aircraft		88 25%	\$1.160	\$929 25	5%
Network & Spa Systems Global Service Support	ace \$252 s &	\$302 (17°	%) \$698	\$806 (13%)
Total IDS Earnin from Operations	as				
Operating Margi	ns 10.1	% 10.1%	-Pts 9.8	3% 9.8%	-Pts

Boeing Military Aircraft (BMA) third-quarter revenue rose 7 percent to \$4.0 billion and operating margin expanded to 12.3 percent, reflecting improved delivery mix and strong execution across its programs. During the quarter, BMA delivered 34 aircraft, the third P-8A achieved its first flight, the P-8 India contract was finalized, and the Chinook program received a 15-aircraft contract from Canada.

Network & Space Systems third-quarter revenues were \$2.7 billion primarily driven by lower volume on intelligence and security systems, missile defense, and combat systems. Operating margin was 9.3 percent reflecting strong performance across the segment's array of programs partially offset by a less favorable contract mix. During the quarter, key flight milestones were achieved on Directed Energy programs, and the company was awarded contracts to provide four of its new 702B satellite to Intelsat.

Global Services & Support (GS&S) revenues increased 15 percent on higher volume across its broad portfolio of services and logistics products. During the quarter, GS&S operating margins were 7.1 percent driven by a contract adjustment and less favorable contract mix. In this segment, the company was awarded contracts for A-10 modernization as part of a \$1.6 billion lifecycle program support contract and a UK Chinook modernization contract.

IDS' backlog is \$65.8 billion, nearly two times expected 2009 revenues. The reduction in backlog was primarily due to termination of the manned ground vehicle portion of the Future Combat Systems contract due to changing US defense priorities.

Boeing Capital Corporation

Boeing Capital Corporation (BCC) reported third-quarter pre-tax earnings of \$39 million compared to \$37 million in the same period last year (Table 6). During the quarter, BCC's portfolio balance declined slightly to \$6.1 billion, down from \$6.3 billion at the end of the second quarter, on normal portfolio run-off through customer payments and depreciation, partially offset by \$153 million in new aircraft financings and other volume. BCC contributed \$48 million in cash dividends to the company during the quarter. BCC's debt-to-equity ratio was unchanged at 5.0-to-1.

Table 6. Boeing Capital Corporation Operating Results

Third Nine
Quarter Months

(Dollars in Millions) 2009 2008 Change 2009 2008 Change

Revenues \$166 \$171 (3%) \$496 \$535 (7%)

Earnings from Operations \$39 \$37 5% \$112 \$143 (22%)

Additional Information

The "Other" segment consists primarily of Boeing Engineering, Operations and Technology, as well as certain results related to the financial consolidation of all business units. Other segment expense was \$36 million in the third quarter.

Total pension expense for the quarter was \$230 million, as compared to \$176 million in the same period last year. A total of \$254 million was recognized in the operating segments in the quarter (up from \$125 million in the same period last year), partially offset by a \$24 million contribution to earnings in unallocated items.

Unallocated expense was \$202 million driven by higher deferred compensation expense partially offset by lower unallocated pension expense, up from \$90 million in the same quarter last year which included a more favorable insurance adjustment.

Interest expense for the quarter was \$92 million, up from \$49 million in the same period last year due to additional debt issued in 2009. Other income (expense) decreased \$59 million driven by lower interest earned on cash balances.

Outlook

The 2009 financial guidance is updated to include the previously disclosed 787 cost reclassification and 747 charge (Table 7).

Boeing's 2009 revenue guidance is reaffirmed at \$68 billion to \$69 billion. Earnings-per-share guidance for 2009 has been reduced to between \$1.35 and \$1.55 per share from \$4.70 to \$5.00 per share for the 787 cost reclassification and 747 charge. Operating cash flow guidance is reaffirmed at greater than \$2.5 billion, including discretionary pension contributions of approximately \$0.5 billion and an assumption of \$0.8 billion for new commercial airplane financings. The company will issue financial guidance for 2010 with its fourth-quarter 2009 results.

Commercial Airplanes' 2009 delivery guidance remains at between 480 and 485 airplanes and is sold out. BCA's 2009 revenue is unchanged at between \$34 billion and \$35 billion, and operating margin is expected to be between (3) percent and (2.5) percent due to the previously discussed 787 and 747 impacts.

IDS guidance for 2009 remains unchanged with revenue between \$33 billion and \$34 billion and operating margins of approximately 10 percent.

Boeing Capital Corporation now expects that the aircraft finance portfolio will be stable as the amount of new aircraft financing in 2009 will approximate normal portfolio runoff due to customer payments and depreciation.

Boeing's 2009 R&D forecast is between \$6.6 billion and \$6.8 billion, up from \$3.6 billion to \$3.8 billion, driven by the 787 cost reclassification, an operating model adjustment to better balance BCA R&D efforts going forward, and higher IDS R&D. Capital expenditures for 2009 are expected to be approximately \$1.3 billion, down from approximately \$1.4 billion. The company's non-cash pension expense is expected to be approximately \$0.9 billion in 2009. The third-quarter tax benefit related to the 787 cost reclassification and 747 charge was 30.6 percent, and the full-year tax benefit for both impacts is expected to be approximately 37 percent.

Table 7. Financial Outlook
(Dollars in Billions, except per-share data) 2009

The Boeing Company
Revenues \$68 - \$69
Earnings Per Share (GAAP)
Operating Cash Flow(1) > \$2.5

Boeing Commercial Airplanes Deliveries

480 - 485

Revenues Operating Margin	\$34 - \$35 (3)% - (2.5)%
Integrated Defense Systems Revenues Boeing Military Aircraft Network & Space Systems Global Services & Support	~ \$14.0 ~ \$11 ~ \$8.5
Total IDS Revenues	\$33 - \$34
Operating Margin Boeing Military Aircraft Network & Space Systems Global Services & Support Total IDS Operating Margin	~10.5%
Boeing Capital Corporation Portfolio Size Revenue Return on Assets	Stable ~ \$0.6 >1.0%
Research & Development Capital Expenditures	\$6.6 - \$6.8 ~ \$1.3

⁽¹⁾ After pension contributions of \$0.5 billion and assumed \$0.8 billion for new aircraft financings 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 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 longterm 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 quarantees related thereto.

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Investor Relations: Diana Sands or Rob Young (312) 544-2140
Communications:
                   (312) 544-2002
           The Boeing Company and Subsidiaries
          Consolidated Statements of Operations
                  (Unaudited)
                       Nine months  Three months
                                     ended
                        ended
                       September 30 September 30
(Dollars in millions, except
                            2009 2008 2009 2008
per share data)
                        $42,098 $40,393 $13,967 $12,407
Sales of products
Sales of services
                          8,246 7,852 2,721 2,886
                           50,344 48,245 16,688 15,293
Total revenues
Cost of products
                           (35,432) (32,736) (12,273) (10,311)
                           (6,468) (6,179) (2,165) (2,176)
Cost of services
Boeing Capital Corporation
interest expense
                            (132) (173) (42) (54)
Total costs and expenses (42,032) (39,088) (14,480) (12,541)
                      8,312 9,157 2,208 2,752
Income from operating investments, net 186
                                            195
General and administrative expense (2,584) (2,350) (868) (740)
Research and development expense, net (5,504) (2,811) (3,574) (937)
(Loss)/gain on dispositions, net (7) 2 (1)
-----
                                     -- -----
Earnings/(loss) from operations 403 4,193 (2,151) 1,147 Other income/(loss), net 7 257 (4) 55 Interest and debt expense (229) (145) (92) (49)
Earnings/(loss) before income taxes 181 4,305 (2,247) 1,153
Income tax (expense)/benefit (129) (1,565)
Net earnings/(loss)
from continuing
                            52 2,740 (1,560)
operations
Net (loss)/gain on disposal
of discontinued
operations, net of
taxes of $5, ($10), $2
and ($6)
                           (8) 18 (4) 12
Net earnings/(loss)
                              $44 $2,758 $(1,564) $695
                                   ___ _____
Basic earnings/(loss)
per share from
                              $0.08 $3.78 $(2.22) $0.95
continuing operations
Net (loss)/gain on disposal
of discontinued
                          (0.01) 0.02 (0.01) 0.02
operations, net of taxes
```

Basic earnings/(loss) per share \$0.07 \$3.80 \$(2.23) \$0.97

Diluted earnings/(loss) per share

from continuing operations \$0.07 \$3.74 (\$2.22) \$0.94

Net (loss)/gain on disposal

of discontinued

operations, net of taxes (0.01) 0.02 (0.01) 0.02

Diluted earnings/(loss) per share \$0.06 \$3.76 \$(2.23) \$0.96 _____

Cash dividends paid per share \$1.26 \$1.20 \$0.42 \$0.40

Weighted average diluted

shares (millions) 708.1 734.2 701.3 721.9

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

	September 30	December	31
(Dollars in millions except per	r share data)	2009	2

2008

Assets		
Cash and cash equivalents	6,095	\$3,268
Short-term investments	351	11
Accounts receivable, net	6,718	5,602
Current portion of customer financing,	net 3	41 425
Deferred income taxes	741	1,046

Inventories, net of advances and

15,981 progress billings 15,612

25,964 30,227 Total current assets Customer financing, net 5,923 5,857

Property, plant and equipment, net of

accumulated depreciation of

\$12,742 and \$12,280 8,912 8,762 Goodwill 4,293 3,647 Other acquired intangibles, net 2,920 2.685 Deferred income taxes 3,835 4,114 Investments 1,328 Pension plan assets, net 20 16

Other assets, net of accumulated

amortization of \$511 and \$400	1,	417 1,406
Total assets	\$58,667	\$53,779
======== Liabilities and shareholders' equity	. =====	=======
Accounts payable	7,053	\$5,871
Other accrued liabilities	12,217	11,564
Advances and billings in excess		
of related costs	11,792	12,737
Income taxes payable	14	41
Short-term debt and current		
portion of long-term debt	973	560
Total current liabilities	32,049	30,773
A command watire a booth core	7 2 4	4 7 2 2 2

Accrued retiree health care 7.344 7,322 Accrued pension plan liability, net 8.553 8.383 Non-current income taxes payable 998 1,154 337 Other long-term liabilities 535 Long-term debt 10,065 6,952

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 3,956

Treasury shares, at cost -

(17,733) (17,758) 285,761,457 and 285,661,944 Retained earnings 22,104 22,675

Accumulated other comprehensive loss (12,821) (13,525)

3,456

ShareValue Trust shares -

29,338,820 and 28,460,769 (1,595)(1,203)

Total Boeing shareholders' equity (1,028)(1,294)Noncontrolling interest 151 152 Total shareholders' equity (877)(1,142)-----Total liabilities and \$58,667 \$53,779 shareholders' equity _____ ======

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

Nine months ended September 30

2009 2008 (Dollars in millions)

Cash flows - operating activities:

\$44 \$2,758 Net earnings

Adjustments to reconcile net earnings to net cash provided by operating activities:

Non-cash items -

Share-based plans expense 180 159

Depreciation 1,047 952 Amortization of other

acquired intangibles 152 122

Amortization of debt discount/

premium and issuance costs 7 8

Investment/asset

impairment charges, net 66 21

Customer financing

valuation provision 31 73

Loss/(gain) on disposal of

(28)discontinued operations 13 Loss/(gain) on dispositions, net 7 (2)

Other charges and credits, net 170

Excess tax benefits from share-based (5) (100) payment arrangements

Changes in assets and liabilities -

Accounts receivable (818) (145)

Inventories, net of advances and

progress billings (582) (1,670) Accounts payable 1,169 742 Other accrued liabilities 1,091 (570)

Advances and billings in excess

of related costs (961) (2,061)

Income taxes receivable,

133 733 payable and deferred Other long-term liabilities (3) (157) Pension and other 819 (159) postretirement plans Customer financing, net (204) 628

35 (147) Other

Net cash provided by

2,391 1,240 operating activities

Cash flows - investing activities:

Property, plant and equipment additions (965) (1,229)

Property, plant and

16 equipment reductions Acquisitions, net of cash acquired (639) (490) Contributions to investments (728) (6,372) 606 8,399 Proceeds from investments (448) Payments on Sea Launch guarantees

Purchase of distribution rights (151).....

Net cash (used)/provided by investing activities (2,149) 173 -----

Cash flows - financing activities:

New borrowings 3,772 5

Debt repayments (256) (616) Repayments of distribution rights financing (210) Stock options exercised, other 8 43 Excess tax benefits from share-based payment arrangements 5 100 Employee taxes on certain share-based payment arrangements (19) (81) Common shares repurchased (50) (2,583) Dividends paid (915) (901)
Net cash provided/(used) by financing activities 2,545 (4,243)
Effect of exchange rate changes on cash and cash equivalents 40 (26)
Net increase/(decrease) in cash and cash equivalents 2,827 (2,856) Cash and cash equivalents at beginning of year 3,268 7,042
Cash and cash equivalents at end of period \$6,095 \$4,186
Non-cash investing and financing activities: Purchase of distribution rights \$316 \$180
The Boeing Company and Subsidiaries Summary of Business Segment Data (Unaudited)
Nine months Three months ended ended September 30 September 30 (Dollars in millions) 2009 2008 2009 2008
Revenues: Commercial Airplanes \$24,868 \$23,674 \$7,883 \$6,946 Integrated Defense Systems: Boeing Military Aircraft 10,324 10,169 3,951 3,702 Network and Space Systems 8,492 8,485 2,711 2,987 Global Services and Support 6,298 5,352 2,082 1,808
Total Integrated Defense Systems 25,114 24,006 8,744 8,497 Boeing Capital Corporation 496 535 166 171 Other segment 125 527 51 300 Unallocated items and eliminations (259) (497) (156) (621)
Total revenues \$50,344 \$48,245 \$16,688 \$15,293
Earnings/(loss) from operations: Commercial Airplanes \$(1,603) \$2,154 \$(2,837) \$394 Integrated Defense Systems: Boeing Military Aircraft 1,160 929 486 388 Network and Space Systems 698 806 252 302 Global Services and Support 612 616 147 164 Total Integrated Defense Systems 2,470 2,351 885 854
Boeing Capital Corporation 112 143 39 37 Other segment (105) (233) (36) (48) Unallocated items and eliminations (471) (222) (202) (90)
Earnings/(loss) from operations 403 4,193 (2,151) 1,147 Other income/(loss), net 7 257 (4) 55 Interest and debt expense (229) (145) (92) (49)
Earnings/(loss) before income taxes 181 4,305 (2,247) 1,153 Income tax (expense)/benefit (129) (1,565) 687 (470)

Net earnings/(loss) from

```
continuing operations
                           52 2,740 (1,560)
 Net (loss)/gain on disposal
 of discontinued
 operations, net of taxes
 of $5, ($10),
                                 (4) 12
 $2 and ($6)
                             18
                          $44 $2,758 $(1,564) $695
 Net earnings/(loss)
================
                                === ==========
Research and development expense, net:
 Commercial Airplanes
                           $4,642 $2,108 $3,272
 Integrated Defense Systems:
  Boeing Military Aircraft
                           430
                                361
                                      143
                                            121
  Network and Space Systems
                                    227
                                                 73
  Global Services and Support
                              126 113
                                          42
                                                38
-----
 Total Integrated Defense Systems
                               849
                                     701
                                           293
                                                 232
 Other segment
                       13
                               2
                                     9
 Total research and development
  expense, net $5,504 $2,811 $3,574 $937
_____
                                     _____ ______
Unallocated items and eliminations:
 Share-based plans expense
                             $(140) $(115) $(24)
                                                $(70)
 Deferred compensation expense
                               (134) 136 (88)
                                                  55
 Pension
                        69 (194) 24 (51)
                         (61) (60) (17) (20)
(42) (38) (15) (11)
 Post-retirement
 Capitalized interest
                      (163) 49 (82)
 Other
 Total
                     $(471) $(222) $(202) $(90)
                        ===== ===== ====
=======
      The Boeing Company and Subsidiaries
       Operating and Financial Data
            (Unaudited)
                    Nine
                           Three
                   months
                            months
                            ended
                    ended
                  September September
Deliveries
                       30
                              30
                   -----
Commercial Airplanes
                         2009 2008 2009 2008
_____
                    ---- ---- ----
  737 Next-Generation
                         280 254 90 67
  747
                     6 13
                               4
  767
                    10 8 4 2
  777
                    63 50 19 11
                    359 325 113 84
 Total
                       === ===
Integrated Defense Systems
_____
Boeing Military Aircraft
  F/A-18 Models
                        36 33 13 12
  F-15E Eagle
                        10 11 4 7
  C-17 Globemaster
                         12 12 5 4
  KC-767 Tanker
                         1 2
  CH-47 Chinook
                         4 8 3 4
  T-45TS Goshawk
                          6 5 2 2
  AH-64 Apache
                        20 2 7 1
Network and Space Systems
  Delta II
                               1
  Delta IV
                      1
  Commercial and Civil Satellites
```

Military Satellites

3

September June March December Contractual backlog 30 30 31 (Dollars in billions) 2009 2009 2009 ---- ----_____ Commercial Airplanes \$253.9 \$257.4 \$266.0 \$278.6 Integrated Defense Systems: Boeing Military 26.1 28.2 28.2 25.7 Aircraft Network and Space Systems 7.8 8.0 8.9 8.9 Global Services 11.1 11.7 11.6 and Support 10.7 Total Integrated 45.0 47.9 48.7 45.3 Defense Systems ---- ---- ----

Total contractual backlog \$298.9 \$305.3 \$314.7 \$323.9

\$21.1 \$22.5 \$24.7 \$28.2

Unobligated backlog ============ ===== ===== ===== ====== ====== ======

SOURCE Boeing

SOURCE: Boeing

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