

# BOEING COMPANY NYSE-BA

RECENT PRICE **70.87** P/E RATIO **15.0** (Trailing: 13.4 Median: 21.0) RELATIVE P/E RATIO **1.01** DIV'D YLD **2.5%** VALUE LINE

TIMELINESS **3** Raised 5/6/11  
SAFETY **2** Lowered 3/20/09  
TECHNICAL **3** Raised 8/3/12  
BETA 1.05 (1.00 = Market)

High: 69.9 51.1 43.4 55.5 72.4 92.1 107.8 88.3 56.6 76.0 80.6 77.8  
Low: 27.6 28.5 24.7 38.0 49.5 65.9 84.6 36.2 29.0 54.1 56.0 66.8

LEGENDS  
— 12.0 x "Cash Flow" p sh  
... Relative Price Strength  
Options: Yes  
Shaded areas indicate recessions

**2015-17 PROJECTIONS**

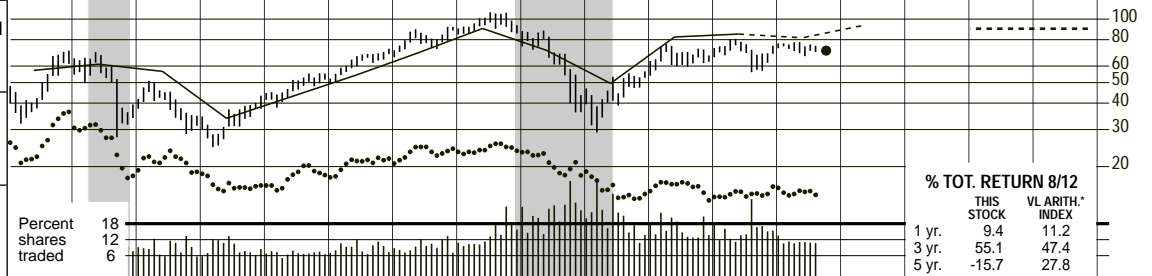
Price	125	Gain	(+75%)	Ann'l Total Return	17%
High	90		(+25%)		8%
Low					

**Insider Decisions**

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	0	0	0	0	0	0
Options	0	1	0	2	2	0	4	1	0
to Sell	0	2	0	1	2	0	4	5	0

**Institutional Decisions**

	4Q2011	1Q2012	2Q2012
to Buy	454	380	400
to Sell	386	456	421
Hlds(000)	541611	539835	514785



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
32.65	47.05	59.87	66.60	61.36	72.94	67.61	63.08	66.13	72.11	81.19	90.12	87.24	94.01	87.46	92.30	<b>107.55</b>	<b>113.60</b>	Revenues per sh <sup>A</sup>	122.10
2.83	2.15	2.92	4.22	4.72	5.10	4.72	2.82	3.57	4.50	5.78	7.53	5.94	4.13	6.85	7.08	<b>7.05</b>	<b>7.95</b>	"Cash Flow" per sh	9.60
1.42	.63	1.15	2.19	2.84	2.79	2.82	1.00	1.63	2.39	3.62	5.26	3.63	1.87	4.46	4.82	<b>4.75</b>	<b>5.60</b>	Earnings per sh <sup>B</sup>	7.25
.55	.56	.56	.56	.59	.68	.68	.68	.85	1.05	1.25	1.45	1.62	1.68	1.68	1.68	<b>1.76</b>	<b>1.76</b>	Div's Decl'd per sh <sup>C</sup>	1.85
1.10	1.43	1.69	1.42	1.11	1.34	1.25	.93	1.23	2.03	2.22	2.35	2.40	1.63	1.53	2.30	<b>2.40</b>	<b>2.30</b>	Cap'l Spending per sh	1.75
15.75	13.31	13.13	13.16	13.18	13.57	9.62	10.17	14.23	14.54	6.25	12.22	d1.85	2.93	3.76	<b>4.72</b>	<b>9.95</b>	<b>14.55</b>	Book Value per sh <sup>D</sup>	22.10
694.73	973.48	937.86	870.82	836.33	797.89	799.66	800.28	793.20	760.58	757.84	736.68	698.14	726.29	735.30	744.70	<b>753.00</b>	<b>757.00</b>	Common Shs Outst'g <sup>E</sup>	770.00
31.0	NMF	37.6	18.6	17.1	18.6	14.1	33.4	29.4	26.0	22.2	17.9	18.3	24.1	14.7	14.5	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	15.0
1.94	NMF	1.96	1.06	1.11	.95	.77	1.90	1.55	1.38	1.20	.95	1.10	1.61	.94	.91			Relative P/E Ratio	1.00
1.2%	1.1%	1.3%	1.4%	1.2%	1.3%	1.7%	2.0%	1.8%	1.7%	1.6%	1.5%	2.4%	3.7%	2.6%	2.4%			Avg Ann'l Div'd Yield	1.7%

**CAPITAL STRUCTURE as of 6/30/12**

Total Debt \$11201 mill. Due in 5 Yrs \$6500 mill.  
LT Debt \$8735 mill. LT Interest \$450 mill. (60% of Cap'l)

Pension Assets-12/11 \$51.1 bill. Oblig. \$67.7 bill.

Pfd Stock None

Common Stock 751,797,604 shs. as of 7/18/12

MARKET CAP: \$53.3 billion (Large Cap)

54069	50485	52457	54845	61530	66387	60909	68281	64306	68735	<b>81000</b>	<b>86000</b>	Revenues (\$mill) <sup>A</sup>	94000
10.9%	7.2%	8.3%	7.4%	9.0%	11.1%	8.9%	5.4%	10.2%	10.7%	<b>9.5%</b>	<b>10.0%</b>	Operating Margin	11.0%
1497.0	1450.0	1509.0	1503.0	1545.0	1486.0	1491.0	1666.0	1727.0	1660.0	<b>1700</b>	<b>1725</b>	Depreciation (\$mill) <sup>F</sup>	1800
2275.0	809.0	1321.0	1920.0	2839.0	4058.0	2654.0	1335.0	3311.0	3614.0	<b>3625</b>	<b>4300</b>	Net Profit (\$mill)	5600
26.4%	21.2%	24.1%	29.0%	28.6%	33.7%	33.6%	22.9%	26.5%	33.0%	<b>34.0%</b>	<b>33.0%</b>	Income Tax Rate	30.0%
4.2%	1.6%	2.5%	3.5%	4.6%	6.1%	4.4%	2.0%	5.1%	5.3%	<b>4.5%</b>	<b>5.0%</b>	Net Profit Margin	6.0%
d2955	d1190	d5735	d6220	d6718	d4258	d4961	2392.0	5177.0	8536.0	<b>11500</b>	<b>13500</b>	Working Cap'l (\$mill)	18000
12589	13299	10879	9538.0	8157.0	7455.0	6952.0	12217	11473	10018	<b>8700</b>	<b>8500</b>	Long-Term Debt (\$mill)	8000
7696.0	8139.0	11286	11059	4739.0	9004.0	d1294	2128.0	2766.0	3515.0	<b>7500</b>	<b>11000</b>	Shr. Equity (\$mill)	17000
12.9%	5.6%	7.5%	11.0%	24.3%	26.5%	51.1%	11.3%	25.6%	29.0%	<b>24.0%</b>	<b>23.0%</b>	Return on Total Cap'l	23.5%
29.6%	9.9%	11.7%	17.4%	59.9%	45.1%	--	62.7%	NMF	NMF	<b>48.5%</b>	<b>39.0%</b>	Return on Shr. Equity	33.0%
22.1%	2.9%	6.0%	9.9%	39.7%	32.9%	--	5.4%	74.4%	67.4%	<b>30.5%</b>	<b>27.0%</b>	Retained to Com Eq	24.5%
25%	71%	49%	43%	34%	27%	45%	91%	38%	34%	<b>37%</b>	<b>31%</b>	All Div'ds to Net Prof	26%

**CURRENT POSITION (SMILL.)**

	2010	2011	6/30/12
Cash Assets	10517	11272	10307
Receivables	5422	5793	5894
Inventory (Avg Cst)	24317	32240	35033
Other	316	505	374
Current Assets	40572	49810	51608
Accts Payable	21517	20645	20972
Debt Due	948	2353	2466
Other	12930	18276	19012
Current Liab.	35395	41274	42450

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '09-'11 to '15-'17

Revenues	3.0%	4.5%	5.0%
"Cash Flow"	2.5%	5.5%	8.0%
Earnings	3.5%	8.0%	12.0%
Dividends	10.5%	10.0%	1.5%
Book Value	-12.0%	-20.0%	NMF

**BUSINESS:** The Boeing Company is a leading manufacturer of commercial jet aircraft. Manufactures the 737, 747, 767, 777, and 787. Also produces business jets, fighters (F-15, F/A-18), C-17 cargo carrier, V-22 helicopter, E-3 AWACS, E-4 command post, E-6 submarine communicator, ground transportation systems, develops the space station, and does work on the F-22 (ATF). Foreign sales: 50%; R&D: 5.7%. Has 171,700 employees. Officers & directors control about 0.8% of stock; State Street Bank and Trust, 13.9%; Evercore Trust, 9.6%; Capital World Investors, 5.9%; BlackRock, 5.6% (3/12 proxy). Chrmn., CEO, and Pres.: W. James McNerney, Jr. Inc.: Delaware. Address: 100 North Riverside, Chicago, Illinois 60606-1596. Telephone: 312-544-2000. Internet: www.boeing.com.

**Boeing continues to perform well.** For the June quarter, it achieved share net of \$1.27, which easily topped our estimate and was two cents better than the year-earlier period. The healthy performance mostly stemmed from the commercial aircraft segment, which experienced elevated levels of deliveries and orders. We expect that this division will continue to post solid results (discussed below).

**The shares, however, have had a tough time.** Although the stock price has advanced approximately 5% since our June report, year to date, it is still down about 3%. For comparison, the Dow is up more than 6% over the same timeframe.

**The underperformance has probably stemmed from concerns about the Defense Budget.** Military spending has been a hot-button issue for Congress and the White House, and government officials continue to debate the size and impact of proposed cuts. At this time, it is too early to tell which programs will be reduced or eliminated, but Boeing derives a good deal of its revenues from sales to the U.S. military. Its product roster is diverse and ranges from fighter aircraft to satellite systems. In our view, although speculation may be premature at this juncture, there is a good possibility that Boeing could lose some business over the next several years. Nevertheless, Boeing's near- and long-term prospects appear solid. The company delivered 150 commercial aircraft during the June quarter, compared to 118 a year ago. Looking ahead, although economic concerns abound, we expect that passenger air travel for business and leisure will continue to increase at a decent rate over the next few years. As a result, we believe that a number of airlines will possess the financial flexibility and eagerness to replace their aging fleets with new aircraft. On that note, Boeing's backlog currently exceeds 4,000 planes and \$300 billion, which should support full production for many years. All told, we have raised our 2012 share-net estimate to \$4.75, and project that earnings will exceed \$7.00 a share by 2015-2017. We continue to like this Dow component for buy-and-hold investors. The stock offers worthwhile three- to five-year total return potential.

Jan Gendler  
September 14, 2012

**QUARTERLY REVENUES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	16502	17154	16688	17937	68281
2010	15216	15573	16967	16550	64306
2011	14910	16543	17727	19555	68735
2012	19383	20005	20400	21212	81000
2013	20400	21200	21600	22800	86000

**EARNINGS PER SHARE<sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.86	1.41	d2.22	1.82	1.87
2010	.70	1.06	1.12	1.56	4.46
2011	.79	1.25	1.46	1.32	4.82
2012	1.22	1.27	1.12	1.14	4.75
2013	1.20	1.35	1.45	1.60	5.60

**QUARTERLY DIVIDENDS PAID<sup>C</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.40	.40	.40	.40	1.60
2009	.42	.42	.42	.42	1.68
2010	.42	.42	.42	.42	1.68
2011	.42	.42	.42	.42	1.68
2012	.44	.44	.44	.44	1.68

**Company's Financial Strength** A++  
**Stock's Price Stability** 75  
**Price Growth Persistence** 75  
**Earnings Predictability** 30

(A) '97 data pro forma incl. McDonnell Doug. (B) Diluted eqs. Excl. nonrecr. gns./losses: '96, 35¢; '97, d81¢; '99, 30¢; '00, d40¢; '01, 62¢; '02, d\$2.21; '03, d11¢; '04, 67¢; '05, 72¢; '06, d54¢; '07, 2¢; '08, 2¢; '09, d3¢; '10, 45¢; '11, 52¢. EPS may not sum to total due to round'g. Next eqs. rpt. due late Oct. (C) Div'ds paid in early Mar., Jun., Sept., Dec. (D) Div'd rein. plan avail. (E) Incl intang. In 2011: \$8.0 bill., \$10.74/sh. (F) In millions. (G) Depr. on accelerated basis.

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