CEO Perspective

- Performance
- Growth and Productivity
- Initiatives
- Leadership
- Moving Ahead
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## Financial Performance – Building Strength

<table>
<thead>
<tr>
<th></th>
<th>2005 Growth</th>
<th>Q1 2006 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>+5%</td>
<td>+12%</td>
</tr>
<tr>
<td>Earnings from Operations</td>
<td>+40%</td>
<td>+40%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>+1.3 Pts</td>
<td>+1.3 Pts</td>
</tr>
<tr>
<td>Reported Net Income</td>
<td>+37%</td>
<td>+29%</td>
</tr>
<tr>
<td>Reported Earnings per Share</td>
<td>+39%</td>
<td>+33%</td>
</tr>
<tr>
<td>Operating Cash Flow (after pension contribution)</td>
<td>+100%</td>
<td>+46%</td>
</tr>
</tbody>
</table>

**Strong momentum**
Performance – 2005 Highlights

- Significantly improved financial results
- Reported EPS increased 39%
- Generated a record $7.0 billion of operating cash flow
- Grew total backlog 33% to a record $202 billion
- Raised dividend 20% and repurchased 45 million shares
- Won record airplane orders at BCA (> 1,000 orders)
- Generated record revenues, earnings and margins at IDS
- Invested in key growth areas (787, 747-8, FCS, MMA)
- Built foundation for strong growth in 2006, 2007 and beyond

Solid results… strong growth ahead
Q1 Performance… a Great Start in 2006

- Double-digit growth in revenues, earnings and cash flow
- Excellent cash generation… balanced cash deployment
- Backlog grew to a record $213 billion
- Commercial airplane market a major growth driver… defense markets remain solid
- Significant new product investment… focused on maintaining product leadership and delivering value
- Major *growth* and *productivity* initiatives underway

*Strong performance… growth outlook on track*
Strong Business Positions

- Commercial Airplanes ramping-up; expanding margins
  - Record backlog… very successful 787 launch
  - Robust demand for 777 and 737; 747-8 on track
  - Managing production increases and supply chain
- IDS delivering industry-leading margins and backlog in moderating budget environment
  - Strong execution on transformational programs
  - Outstanding performance across key platform programs
    - F/A-18, C-17, F-15

Fundamental businesses strong and diversified
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Boeing’s Management Model

CHARTS THE COURSE

- Initiative Toolkit

- Financial Objectives
  - Move Toward World-Class: Margins, Earnings, Cash

- Growth
  - Customer Satisfaction

- Productivity
  - Competitiveness

SETS HIGH EXPECTATIONS

- Financial Performance
  - Economic Profit

- Performance to Plan
  - Employee Accountability

- Stock Price

- Stakeholders
  - Employees
  - Customers
  - Shareholders
  - Communities

LIVES BOEING VALUES

FINDS A WAY

Attaining World-Class Growth and Productivity:
- Committed, performance-driven management
- Maximize learning across the enterprise and from outside
- Adapt and apply learnings in clearly defined businesses
Growth Perspectives

- Our first priority is to grow organically
- Productivity fuels growth
- Internal growth will be complemented and accelerated via M&A on a targeted basis
  - Must support current businesses, strategies
  - “Next square” opportunities
  - Examples include Aviall, Carmen Systems, Shanghai MRO (JV), and Conquest

*Organic growth is top priority*
Leadership Role of Corporate

- Establish strategic direction and business portfolio
- Set financial and business objectives
- Ensure performance against business and financial objectives with active engagement in investing activities, people and strategy
- Ensure functional excellence, control and discipline
- Manage shared corporate services
- Sponsor and lead corporate values, ethics and compliance
- Sponsor activities and initiatives that have enterprisewide impact on performance

*Corporate role supports business unit leadership and performance*
Going-Forward Leadership Team

Executive Council*

Jim Albaugh
Executive Vice President, President and CEO, Integrated Defense Systems

James Bell
Executive Vice President and Chief Financial Officer

Shep Hill
Senior Vice President, Business Development and Strategy

Tod Hullin
Senior Vice President, Communications

Jim Jamieson
Senior Vice President, Chief Technology Officer

Laurette Koellner
President, Boeing International

Michael Luttig
Senior Vice President, General Counsel

Alan Mulally
Executive Vice President, President and CEO, Commercial Airplanes

Bennie Soodik
Senior Vice President, Internal Governance

Rick Stephens
Senior Vice President, Human Resources and Administration

* All members of the Executive Council are elected officers of The Boeing Company
Leverage Points

- Growth and Productivity Initiatives
- Technology
- Services
- Globalization
- Leadership Development
- Ethics and Compliance

Levers for Boeing growth and competitive advantage
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## Boeing Initiatives – Summary

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Sponsor</th>
<th>Aim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Services Productivity</td>
<td>James Bell</td>
<td>Attack indirect costs that are centrally managed or embedded in businesses</td>
</tr>
<tr>
<td>Global Sourcing</td>
<td>Jim Albaugh</td>
<td>Optimize Boeing’s size and purchasing power to achieve greater economies of scale</td>
</tr>
<tr>
<td>Lean +</td>
<td>Alan Mulally</td>
<td>Accelerate Lean in factories, and expand it to back offices and support functions</td>
</tr>
<tr>
<td>Development Process Excellence</td>
<td>Jim Jamieson</td>
<td>Increase speed and yield of traditional R&amp;D and major development programs</td>
</tr>
</tbody>
</table>

*Driving improved productivity and growth*
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Leadership Attributes

A Boeing Leader:

- Charts the course
- Sets high expectations
- Inspires others
- Finds a way
- Lives the Boeing values
- Delivers results

No tradeoff between performance and values
**Leveraging Change**

**2000+ Governance Imperatives**
- Driven by highly visible failures
- Establishing new regulatory requirements
- Changing our management practices
- Creating a potential advantage
  …or a certain disadvantage

**1990-2000 Information Age**
- Driven by innovation
- Changed our work environment
- Enabled evolving business models
- Created competitive advantage

**1980-1990 Quality Revolution**
- Driven by competition
- Set new performance standards
- Changed management systems
- Created competitive advantage

*Ethics and Compliance as competitive advantage*
Define It
- Leadership attributes
  - Performance
  - Values
  - Across the Enterprise

Teach It
- Boeing Leadership Center
  - Candor/Openness
  - Leaders Teaching Leaders
  - Step Function Impact

Model It
- In all we do
  - Action/Words
  - Every day
  - Leaders Leading Leaders

Growth / Productivity

Expect It / Measure It / Reward It
- Reinforce in HR processes

Better leaders make better companies
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Looking Forward

- Building momentum
- Right strategy…strong leadership team
- Differentiated product portfolio
- Executing the business
- Significant upside potential
- Renewed focus on growth and productivity

Committed to significantly improving financial performance