

| | | | | | | | | |
|--------------|-------|-----------|------------------------------------|--------------------|------|-----------|------|------------|
| RECENT PRICE | 74.05 | P/E RATIO | 14.6 (Trailing: 14.4 Median: 21.0) | RELATIVE P/E RATIO | 0.97 | DIV'D YLD | 2.4% | VALUE LINE |
|--------------|-------|-----------|------------------------------------|--------------------|------|-----------|------|------------|

| 2015-17 PROJECTIONS | | | | |
|---------------------|-------|--------|--------------------|--|
| | Price | Gain | Ann'l Total Return | |
| High | 125 | (+70%) | 16% | |
| Low | 90 | (+20%) | 7% | |

Insider Decisions

| | J | F | M | A | M | J | J | A | S |
|---------|---|---|---|---|---|---|---|---|---|
| to Buy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 2 | 2 | 0 | 4 | 1 | 0 | 0 | 0 | 0 |
| to Sell | 1 | 2 | 0 | 4 | 5 | 0 | 0 | 0 | 0 |

Institutional Decisions

| | 1Q2012 | 2Q2012 | 3Q2012 |
|------------|--------|--------|--------|
| to Buy | 380 | 400 | 409 |
| to Sell | 456 | 421 | 435 |
| Hld's(000) | 539835 | 514785 | 543713 |

% TOT. RETURN 11/12

| | THIS STOCK | VL ARITH. INDEX |
|-------|------------|-----------------|
| 1 yr. | 10.8 | 14.2 |
| 3 yr. | 52.5 | 45.5 |
| 5 yr. | -8.1 | 35.5 |

| | | | | | | | | | | | | | | | |
|--|--|-------------|-------------|----------------|--------|--------|--------|--------|--------|--------|--------|--------------|--------------|------------------------------------|--------------|
| CAPITAL STRUCTURE as of 9/30/12 | | 54069 | 50485 | 52457 | 54845 | 61530 | 66387 | 60909 | 68281 | 64306 | 68735 | 81500 | 87000 | Revenues (\$mill) ^A | 94000 |
| | | 10.9% | 7.2% | 8.3% | 7.4% | 9.0% | 11.1% | 8.9% | 5.4% | 10.2% | 10.7% | 9.5% | 10.0% | Operating Margin | 11.0% |
| Total Debt \$11186 mill. Due in 5 Yrs \$6500 mill. | | 1497.0 | 1450.0 | 1509.0 | 1503.0 | 1545.0 | 1486.0 | 1491.0 | 1666.0 | 1727.0 | 1660.0 | 1725 | 1750 | Depreciation (\$mill) ^F | 1800 |
| LT Debt \$9014 mill. LT Interest \$470 mill. (54% of Cap'l) | | 2275.0 | 809.0 | 1321.0 | 1920.0 | 2839.0 | 4058.0 | 2654.0 | 1335.0 | 3311.0 | 3614.0 | 3800 | 4300 | Net Profit (\$mill) | 5600 |
| | | 26.4% | 21.2% | 24.1% | 29.0% | 28.6% | 33.7% | 33.6% | 22.9% | 26.5% | 33.0% | 33.0% | 33.0% | Income Tax Rate | 30.0% |
| Pension Assets-12/11 \$51.1 bill. Oblig. \$67.7 bill. | | 4.2% | 1.6% | 2.5% | 3.5% | 4.6% | 6.1% | 4.4% | 2.0% | 5.1% | 5.3% | 4.7% | 4.9% | Net Profit Margin | 6.0% |
| Pfd Stock None | | d2955 | d1399 | d5735 | d6220 | d6718 | d4258 | d4961 | 2392.0 | 5177.0 | 8536.0 | 11500 | 13500 | Working Cap'l (\$mill) | 18000 |
| | | 12589 | 13299 | 10879 | 9538.0 | 8157.0 | 7455.0 | 6952.0 | 12217 | 11473 | 10018 | 9000 | 9000 | Long-Term Debt (\$mill) | 8000 |
| Common Stock 754,076,883 shs. | | 7696.0 | 8139.0 | 11286 | 11059 | 4739.0 | 9004.0 | d1294 | 2128.0 | 2766.0 | 3515.0 | 8000 | 11000 | Shr. Equity (\$mill) | 17000 |
| as of 10/17/12 | | 12.9% | 5.6% | 7.5% | 11.0% | 24.3% | 26.5% | 51.1% | 11.3% | 25.6% | 29.0% | 23.5% | 22.5% | Return on Total Cap'l | 23.5% |
| MARKET CAP: \$55.8 billion (Large Cap) | | 29.6% | 9.9% | 11.7% | 17.4% | 59.9% | 45.1% | -- | 62.7% | NMF | NMF | 47.5% | 39.0% | Return on Shr. Equity | 33.0% |
| CURRENT POSITION | | 2010 | 2011 | 9/30/12 | | | | | | | | | | | |
| (\$MILL.) | | 22.1% | 2.9% | 6.0% | 9.9% | 39.7% | 32.9% | -- | 5.4% | 74.4% | 67.4% | 31.0% | 27.0% | Retained to Com Eq | 24.5% |
| Comp. Ret. | | 10517 | 11272 | 11172 | | | | | | | | 35% | 31% | All Div'ds to Net Prof | 26% |
| | | 25% | 71% | 49% | 43% | 34% | 27% | 45% | 91% | 38% | 34% | | | | |

| | | | |
|---------------------|----------------|---------------|----------------------|
| Current Liab. | 35395 | 41274 | 42852 |
| ANNUAL RATES | Past | Past | Est'd '09-'11 |
| of change (per sh) | 10 Yrs. | 5 Yrs. | 5 to 15% |
| Revenues | 3.0% | 4.5% | 10.0% |
| "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 |

Shares of Boeing have outperformed the broader market over the past few months. In fact, the stock is up 5% since our September review. For comparison, the Dow, though volatile, is little changed over the same period. In our view, Boeing's

valued at more than \$307 billion, which should support full production for many years, and lead to healthy annual bottom-line advances to the 2015-2017 period. **Possible cuts to the Defense Budget remain a concern.** As it stands now,

| Calendar | EARNINGS PER SHARE ^B | | | | Full Year |
|----------|---------------------------------|--------|--------|--------|-----------|
| | Mar.31 | Jun.30 | Sep.30 | Dec.31 | |
| 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 | 1.35 | 1.16 | 5.00 |
| 2013 | 1.20 | 1.35 | 1.45 | 1.60 | 5.60 |

| | | | |
|--|---|--|---|
| <p>(A) '97 data pro forma incl. McDonnell Doug. (B) Diluted exs. Excl. nonrecr. gns./losses: '96, '35s: '97, d81e: '99, '30c: '00, d40c: '01, '02e: '02, d\$2.21: '03, d11e: '04, 67e: '05, 72e:</p> | <p>'06, d54e: '07, 2e: '08, 2e: '09, d3c: '10, 45e: '11, 52e. EPS may not sum to total due to rounding. Next exs. rpt. due late Jan. (C) Div'ds paid in early Mar., Jun., Sept., Dec. ■ Div'd</p> | <p>rein. plan avail. (D) Incl intang. In 2011: \$8.0 bill., \$10.74/sh. (E) In millions. (F) Depr. on ac- celerated basis.</p> | <p>Company's Financial Strength A++ Stock's Price Stability 75 Price Growth Persistence 75 Earnings Predictability 30</p> |
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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.

Shares of Boeing have outperformed the broader market over the past few months. In fact, the stock is up 5% since our September review. For comparison, the Dow, though volatile, is little changed over the same period. In our view, Boeing's performance can be attributed to the release of better-than-expected September-period financial results, as well as investors pleased with the company's outlook.

We continue to like the company's near- and long-term growth prospects. Although the fiscal cliff situation is looming (discussed below) and recession is spreading across the euro zone, 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 domestic and foreign airlines will possess the financial flexibility and eagerness to replace their aging fleets with new, more fuel-efficient and technologically advanced aircraft. In anticipation, Boeing continues to increase production schedules for some of its most popular models, including the 737, 777, and 787. All told, Boeing's backlog currently exceeds 4,100 airplanes.

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.

valued at more than \$307 billion, which should support full production for many years, and lead to healthy annual bottom-line advances to the 2015-2017 period.

Possible cuts to the Defense Budget remain a concern. As it stands now, mandatory tax hikes and spending cuts will take hold on January 2nd, unless Congress can come to an agreement. In our view, a deal, or a delay of the sequestrations, will be secured. However, military spending ought to remain a hot-button issue for Congress and the White House, and we believe that some programs will eventually be reduced or eliminated. Although speculation may be premature at this juncture, we believe that there is a good possibility that Boeing will lose some business over the next several years.

Nevertheless, we continue to like this Dow component for patient investors. Boeing's Commercial Aircraft division should continue to perform well, which ought to help offset any military weakness. All told, although untimely, this blue chip offers worthwhile three- to five-year total return potential.

Ian Gendler *December 14, 2012*

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