

BOEING CO
Form 10-Q
October 24, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-442

THE BOEING COMPANY

(Exact name of registrant as specified in its charter)

Delaware

91-0425694

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

100 N. Riverside Plaza, Chicago, IL
(Address of principal executive offices)

60606-1596
(Zip Code)

(312) 544-2000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 17, 2012, there were 754,076,883 shares of common stock, \$5.00 par value, issued and outstanding.

Table of Contents

THE BOEING COMPANY

FORM 10-Q

For the Quarter Ended September 30, 2012

INDEX

Part I. Financial Information (Unaudited)

Page

Item 1.	<u>Financial Statements</u>	<u>1</u>
	<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>1</u>
	<u>Condensed Consolidated Statements of Financial Position</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>3</u>
	<u>Condensed Consolidated Statement of Equity</u>	<u>4</u>
	<u>Summary of Business Segment Data</u>	<u>5</u>
	<u>Note 1 – Basis of Presentation</u>	<u>6</u>
	<u>Note 2 – Earnings Per Share</u>	<u>6</u>
	<u>Note 3 – Income Taxes</u>	<u>7</u>
	<u>Note 4 – Accounts Receivable</u>	<u>7</u>
	<u>Note 5 – Inventories</u>	<u>7</u>
	<u>Note 6 – Customer Financing</u>	<u>8</u>
	<u>Note 7 – Investments</u>	<u>10</u>
	<u>Note 8 – Other Assets</u>	<u>10</u>
	<u>Note 9 – Commitments and Contingencies</u>	<u>11</u>
	<u>Note 10 – Arrangements with Off-Balance Sheet Risk</u>	<u>13</u>
	<u>Note 11 – Debt</u>	<u>15</u>
	<u>Note 12 – Postretirement Plans</u>	<u>16</u>
	<u>Note 13 – Share-Based Compensation and Other Compensation Arrangements</u>	<u>17</u>
	<u>Note 14 – Derivative Financial Instruments</u>	<u>17</u>
	<u>Note 15 – Fair Value Measurements</u>	<u>19</u>
	<u>Note 16 – Legal Proceedings</u>	<u>21</u>
	<u>Note 17 – Segment Information</u>	<u>23</u>
	<u>Report of Independent Registered Public Accounting Firm</u>	<u>25</u>
	<u>Forward-Looking Statements</u>	<u>26</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>28</u>
	<u>Consolidated Operating Results</u>	<u>28</u>
	<u>Commercial Airplanes</u>	<u>32</u>
	<u>Defense, Space & Security</u>	<u>36</u>
	<u>Boeing Capital</u>	<u>41</u>
	<u>Other Segment</u>	<u>43</u>
	<u>Liquidity and Capital Resources</u>	<u>43</u>
	<u>Off-Balance Sheet Arrangements</u>	<u>44</u>
	<u>Contingent Obligations</u>	<u>45</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>45</u>
Item 4.	<u>Controls and Procedures</u>	<u>45</u>

Part II. Other Information

Item 1.	<u>Legal Proceedings</u>	<u>46</u>
Item 1A.	<u>Risk Factors</u>	<u>46</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>46</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>46</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>46</u>
Item 5.	<u>Other Information</u>	<u>46</u>
Item 6.	<u>Exhibits</u>	<u>47</u>
	<u>Signature</u>	<u>48</u>

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

The Boeing Company and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(Dollars in millions, except per share data)	Nine months ended		Three months ended	
	September 30		September 30	
	2012	2011	2012	2011
Sales of products	\$51,441	\$40,441	\$17,415	\$14,907
Sales of services	7,955	8,739	2,593	2,820
Total revenues	59,396	49,180	20,008	17,727
Cost of products	(43,103)	(32,335)	(14,683)	(12,006)
Cost of services	(6,431)	(7,177)	(2,089)	(2,319)
Boeing Capital interest expense	(69)	(94)	(22)	(32)
Total costs and expenses	(49,603)	(39,606)	(16,794)	(14,357)
	9,793	9,574	3,214	3,370
Income from operating investments, net	211	202	120	52
General and administrative expense	(2,774)	(2,544)	(916)	(807)
Research and development expense, net	(2,545)	(3,005)	(853)	(901)
(Loss)/gain on dispositions, net	(3)	20	(1)	
Earnings from operations	4,682	4,247	1,564	1,714
Other income, net	39	76	17	49
Interest and debt expense	(346)	(374)	(115)	(121)
Earnings before income taxes	4,375	3,949	1,466	1,642
Income tax expense	(1,450)	(1,325)	(432)	