| TIMELIN | NESS | Raised 12 |  | High: Low: | $\begin{aligned} & 43.4 \\ & 24.7 \\ & \hline \end{aligned}$ | $\begin{aligned} & 55.5 \\ & 38.0 \\ & \hline \end{aligned}$ | $\begin{array}{r} 72.4 \\ 49.5 \end{array}$ | $\begin{aligned} & 92.1 \\ & 65.9 \end{aligned}$ | $\begin{array}{r} 107.8 \\ 84.6 \end{array}$ | $\begin{aligned} & 88.3 \\ & 36.2 \end{aligned}$ | $\begin{aligned} & 56.6 \\ & 29.0 \end{aligned}$ | $\begin{aligned} & 76.0 \\ & 54.1 \end{aligned}$ | $\begin{aligned} & 80.6 \\ & 56.0 \end{aligned}$ | $\begin{aligned} & 77.8 \\ & 66.8 \end{aligned}$ | $\begin{array}{r} 142.0 \\ 72.7 \end{array}$ | $\begin{aligned} & 144.6 \\ & 116.3 \end{aligned}$ |  |  | Target Pric 2017 201 | Range 2019 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| SAFETY |  | Raised 6/ | 13/14 | $\begin{array}{\|c} \hline \text { LEGEN } \\ \hline \end{array}$ | $\text { IDS }{ }^{\prime} \text { Cash }$ | Flow" |  |  |  |  |  |  |  |  |  |  |  |  |  | -320 |
| TECHNICA BETA | CAL .05 (1.00 | Lowered <br> = Market) | 11/14/14 | Options: <br> Shaded | ative Pric <br> ea indic | Strength <br> tes reces |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | -19 P | ECTIO |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | ------- | 160 |
|  |  |  | n'I Total |  |  |  |  |  |  |  |  |  |  |  |  | +1 |  |  |  |  |
|  | Price | Gain | Return |  |  |  |  |  |  |  |  |  |  |  | Tr | +1 |  |  |  | -100 |
| High Low | $\begin{aligned} & 180 \\ & 145 \end{aligned}$ | $\begin{aligned} & 35 \% \\ & 10 \%) \end{aligned}$ | $\begin{gathered} 10 \% \\ 5 \% \end{gathered}$ |  |  |  |  |  |  |  |  |  |  |  | It |  |  |  |  | -80 |
| Inside | r Decis | ons |  |  |  |  | 小110 |  |  |  |  | 111 | \|II | Пи |  |  |  |  |  | 60 |
| to Buy | J F M <br> 000 | A M J <br> 00 | $\begin{array}{lll} \mathbf{J} & \mathbf{A} & \mathbf{S} \\ 0 & 0 & 0 \end{array}$ |  |  | .11111 |  |  |  |  | Y, ill |  |  |  |  |  |  |  |  | 40 |
| to Buy Options to Sell | $\begin{array}{lll} 0 & 0 & 0 \\ 0 & 4 & 0 \\ 0 & 4 & 0 \end{array}$ | $\begin{array}{lll}0 & 0 & 0 \\ 2 & 3 & 0 \\ 3 & 4 & 0\end{array}$ | $\begin{array}{lll} 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 0 & 0 \\ \hline \end{array}$ |  | +1+ |  |  |  |  |  |  |  |  |  |  |  |  |  | RETURN 11/14 |  |
| Institut | tional ${ }^{\text {1Q2014 }}$ | ecision 202014 | S 322014 | Percent |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | - 18 |
| to Buy | 497 | 537 | 513 | shares |  |  |  |  |  |  |  |  | "F: |  |  |  |  | 1 yr . | $\begin{array}{rr}2.4 & 8.0 \\ 1092 & 72.4\end{array}$ |  |
| to Sell | 600 | 508 | 560 | traded |  |  |  |  |  |  |  |  |  |  |  | 1 |  | 3 yr . | $109.272 .4$ |  |
| HId's'(000) | 540613 | 536182 | 526973 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5 yr . | 188.0119 .8 |  |
| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |  | LINE PUB. LLC | 17-19 |
| 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 | 108.12 | 115.90 | 127.05 | 138.40 | Reve | es per sh | 176.90 |
| 2.92 | 4.22 | 4.77 | 5.10 | 4.72 | 2.82 | 3.57 | 4.50 | 5.78 | 7.53 | 5.94 | 4.13 | 6.85 | 7.08 | 7.56 | 8.60 | 10.05 | 10.90 | "Cas | Flow" per sh | 13.75 |
| 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 | 5.11 | 5.96 | 7.20 | 7.85 | Earni | s per sh A | 10.20 |
| . 56 | . 56 | . 59 | . 68 | . 68 | . 68 | . 85 | 1.05 | 1.25 | 1.45 | 1.62 | 1.68 | 1.68 | 1.68 | 1.76 | 1.94 | 2.92 | 3.20 | Div'ds | ecl'd per sh Ba | 4.20 |
| 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 | 2.25 | 2.81 | 3.00 | 2.75 | Cap' | ending per sh | 3.10 |
| 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 | 4.72 | 7.76 | 19.90 | 21.15 | 23.60 | Book | lue per sh ${ }^{\text {c }}$ | 30.00 |
| 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 | 755.60 | 747.40 | 710.00 | 690.00 | Com | Shs Outst'g ${ }^{\text {D }}$ | 650.00 |
| 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 | 14.3 | 17.3 | Bold fig | ures are | Avg | 'I P/E Ratio | 16.0 |
| 1.96 | 1.06 | 1.11 | . 95 | . 77 | 1.90 | 1.55 | 1.38 | 1.20 | . 95 | 1.10 | 1.61 | . 94 | . 91 | . 91 | . 97 | Value | Line | Relat | P/E Ratio | 1.00 |
| 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\% | 2.4\% | 1.9\% | estim | ates | Avg | 'I Div'd Yield | 2.6\% |
| CAPITAL STRUCTURE as of 9/30/14 <br> Total Debt $\$ 8880$ mill. Due in 5 Yrs $\$ 4000$ mill. <br> LT Debt $\$ 7301$ mill. LT Interest $\$ 335$ mill. <br> (Total interest coverage: 16.1x) <br> (33\% of Cap') |  |  |  |  |  | 52457 | 54845 | 61530 | 66387 | 60909 | 68281 | 64306 | 68735 | 81698 | 86623 | 90200 | 95500 | Reve | (\$mill) | 115000 |
|  |  |  |  |  |  | 8.3\% | 7.4\% | 9.0\% | 11.1\% | 8.9\% | 5.4\% | 10.2\% | 10.7\% | 9.7\% | 9.4\% | 10.5\% | 10.5\% | Oper | g Margin | 10.5\% |
|  |  |  |  |  |  | 1509.0 | 1503.0 | 1545.0 | 1486.0 | 1491.0 | 1666.0 | 1727.0 | 1660.0 | 1811.0 | 1844.0 | 1850 | 1920 | Depr | ation (\$mill) E | 2050 |
|  |  |  |  |  |  | 1321.0 | 1920.0 | 2839.0 | 4058.0 | 2654.0 | 1335.0 | 3311.0 | 3614.0 | 3903.0 | 4586.0 | 5300 | 5615 | Net P | (\$mill) | 6900 |
|  |  |  |  |  |  | 24.1\% | 29.0\% | 28.6\% | 33.7\% | 33.6\% | 22.9\% | 26.5\% | 33.0\% | 34.0\% | 26.4\% | 25.0\% | 26.0\% | Incom | Tax Rate | 27.0\% |
| Pension Assets-12/13 \$58.1 bill. Oblig. $\$ 68.6$ bill. |  |  |  |  |  | 2.5\% | 3.5\% | 4.6\% | 6.1\% | 4.4\% | 2.0\% | 5.1\% | 5.3\% | 4.8\% | 5.3\% | 5.9\% | 5.9\% | Net P | Margin | 6.0\% |
|  |  |  |  |  |  | d5735 | d6220 | d6718 | d4258 | d4961 | 2392.0 | 5177.0 | 8536.0 | 12327 | 13588 | 12500 | 13250 | Work | Cap'l (\$mill) | 16500 |
|  |  |  |  |  |  | 10879 | 9538.0 | 8157.0 | 7455.0 | 6952.0 | 12217 | 11473 | 10018 | 8973.0 | 8072.0 | 7275 | 7000 | Long | erm Debt (\$mill) | 6000 |
| Common Stock 712,930,459 shs. |  |  |  |  |  | 11286 | 11059 | 4739.0 | 9004.0 | d1294 | 2128.0 | 2766.0 | 3515.0 | 5867.0 | 14875 | 15000 | 16300 | Shr. Eq | ity (\$mill) | 19500 |
| as of 10/15/14 |  |  |  |  |  | 7.5\% | 11.0\% | 24.3\% | 26.5\% | 51.1\% | 11.3\% | 25.6\% | 29.0\% | 28.2\% | 20.8\% | 24.5\% | 25.0\% | Retur | on Total Cap'l | 27.5\% |
| MARKET CAP: $\$ 94.3$ billion (Large Cap) |  |  |  |  |  | 11.7\% | 17.4\% | 59.9\% | 45.1\% | -- | 62.7\% | 119.7\% | 102.8\% | 66.5\% | 30.8\% | 35.5\% | 34.5\% | Retur | on Shr. Equity | 35.5\% |
| CURRENT POSITION 2012 2013 9/30/14 <br> (\$MILL.) 13558 15258 10077 <br> Cash Assets  R  |  |  |  |  |  | 6.0\% | 9.9\% | 39.7\% | 32.9\% | -- | 5.4\% | 74.4\% | 67.4\% | 44.0\% | 21.0\% | 21.5\% | 21.0\% | Retai | d to Com Eq | 21.5\% |
|  |  |  |  |  |  | 49\% | 43\% | 34\% | 27\% | 45\% | 91\% | 38\% | 34\% | 34\% | 32\% | 41\% | 41\% | All Di | $s$ to Net Prof | 41\% |


| Cash Assets | 13558 | 15258 | 10077 |
| :---: | :---: | :---: | :---: |
| Receivables | 5608 | 6546 | 7799 |
| Inventory (Avg Cst) | 37751 | 42912 | 47058 |
| Other | 392 | 358 | 284 |
| Current Assets | 57309 | 65074 | 65218 |
| Accts Payable | 22389 | 23629 | 23813 |
| Debt Due | 1436 | 1563 | 1579 |
| Other | 21157 | 26294 | 27812 |
| Current Liab. | 44982 | 51486 | 53204 |


| ANNUAL RATES | Past | Past | Est'd '11-'13 |
| :--- | ---: | :---: | :---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '17-'19 |
| Revenues | $4.5 \%$ | $4.0 \%$ | $9.0 \%$ |
| "Cash Flow" | $6.5 \%$ | $4.0 \%$ | $10.0 \%$ |
| Earnings | $9.0 \%$ | $5.0 \%$ | $11.5 \%$ |
| Dividends | $10.0 \%$ | $4.5 \%$ | $15.0 \%$ |
| Book Value | $-0.5 \%$ | $14.5 \%$ | $18.5 \%$ |


| $\begin{array}{\|l} \text { Cal- } \\ \text { endar } \\ \hline \end{array}$ | QUARTERLY REVENUES (\$ mill.) |  |  |  | Full Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 |  |
| 2011 | 14910 | 16543 | 17727 | 19555 | 68735 |
| 2012 | 19383 | 20005 | 20008 | 22302 | 81698 |
| 2013 | 18893 | 21815 | 22130 | 23785 | 86623 |
| 2014 | 20465 | 22045 | 23784 | 23906 | 90200 |
| 2015 | 23500 | 23600 | 23700 | 24700 | 95500 |
| Calendar | EARNINGS PER SHARE A |  |  |  | Full Year |
| 2011 | . 79 | 1.25 | 1.46 | 1.32 | 4.82 |
| 2012 | 1.21 | 1.27 | 1.35 | 1.28 | 5.11 |
| 2013 | 1.44 | 1.41 | 1.51 | 1.61 | 5.96 |
| 2014 | 1.28 | 2.24 | 1.86 | 1.82 | 7.20 |
| 2015 | 1.85 | 2.00 | 1.90 | 2.10 | 7.85 |
| al- | QUARTERLY DIVIDENDS PAID ${ }^{\text {m }}$ |  |  |  | Full |
| endar | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 | Year |
| 2010 | . 42 | . 42 | . 42 | . 42 | 1.68 |
| 2011 | . 42 | . 42 | . 42 | . 42 | 1.68 |
| 2012 | . 44 | . 44 | . 44 | . 44 | 1.76 |
| 2013 | . 485 | . 485 | . 485 | . 485 | 1.94 |
| 2014 | . 73 | . 73 | . 73 | . 73 |  |

BUSINESS: The Boeing Company is a leading manufacturer of commercial aircraft. Manufactures the 737, 747, 767, 777, and 787. Also produces business jets, fighters (F-15, F/A-18), helicopters (CH-47, AH-64); guided weapons (Harpoon, Joint Direct Attack Munition), satellites, space launch systems, and manages the International Space Station. In 2013, foreign sales accounted for $57 \%$ of
Boeing should soon close out a solid year. If our fourth-quarter bottom-line estimate of $\$ 1.82$ a share is on the mark, then the aerospace/defense behemoth will register a full-year earnings gain of more than $20 \%$. The healthy showing ought to reflect the elevated and sustained demand for Boeing's offerings. More specifically, during the first nine months of the year, the company delivered 528 commercial aircraft, $11 \%$ more than in the previous year. In addition, orders continued to be placed at a significant pace, and Boeing's backlog now stands at more than 5,500 airplanes valued at approximately $\$ 430$ billion.
However, the stock has not fared as well. Despite the good quarterly results, positive outlook (discussed below), and the ongoing bull rally, shares of Boeing have actually declined so far in 2014. In fact, year to date, the stock price is down nominally, while the Dow has registered a gain of $8 \%$. We are not terribly surprised by the issue's malaise, since it was the top performer in the Dow during 2013, when it advanced $80 \%$, Thus, we attribute the recent lackluster showing to simple profittaking by the investment community.
total; R\&D: $3.6 \%$. Has 168,400 employees. Officers \& directors control about $0.6 \%$ of stock; State Street Bank and Trust, 11.4\%; Evercore Trust, 6.9\%; Capital World Investors, 9.1\% (3/14 proxy). Chairman and CEO: W. James McNerney, J. Incorporated: Delaware. Address: 100 North Riverside, Chicago, Illinois 60606-1596. Telephone: 312-544-2000. Internet: www.boeing.com.
Boeing's prospects for 2015 and beyond appear rosy. As mentioned, its backlog is huge, which should support full production for many years. In addition, we think that more orders are on the horizon. Passenger air travel ought to continue to increase and, with many airlines now on better financial footing, we expect that several carriers will be eager to replace their aging fleets with new technologically advanced and fuel-efficient aircraft. All told, we expect that Boeing's bottom line will come in at $\$ 7.85$ a share in 2015. We also project that earnings will reach $\$ 10.20$ a share by the 2017-2019 period.
As for the equity, we think that it would make a fine addition to most portfolios. First, we expect the stock to resume its upward trajectory, which should interest short-term investors. In fact, according to our proprietary Ranking System for Timeliness, the stock will outperform the year-ahead market. The issue also offers decent risk-adjusted (Safety: 1) total return potential to 2017-2019. Continued share buybacks and dividend increases should sweeten the deal here. Ian Gendler

December 12, 2014

[^0]
[^0]:    (A) Diluted egs. Excl. nonrecur. gns./losses: sum to total due to round'g. Next egs. rpt. due lions. (E) Depr. on accelerated basis

    99, 304; '00, d40c; '01, 624; '02, d\$2.21; '03, late Jan. (B) Div'ds paid in early Mar., Jun., d11¢; '04, 67¢; '05, 72¢;' 06 , d54¢; '07, 2¢; '08, Sept., Dec. ■ Div'd rein. plan avail. (C) Incl in-

