



Second-Quarter 2016 Performance Review

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Chairman, President and Chief Executive Officer

Greg Smith

Chief Financial Officer

Executive Vice President, Corporate Development & Strategy

July 27, 2016

Second-Quarter Summary

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- Strong commercial deliveries and solid underlying operating performance
- Generated \$3.2B of operating cash; completed \$2B share repurchase
- Results reflect 787 R&D reclassification and 747 and KC-46 Tanker charges
- Continued focus on cost reductions and productivity improvements
- Proven product strategy; converting backlog into profitable growth
- Healthy commercial airplane orders; key defense awards

Solid results offset by charges; executing cash deployment strategy

Business Environment

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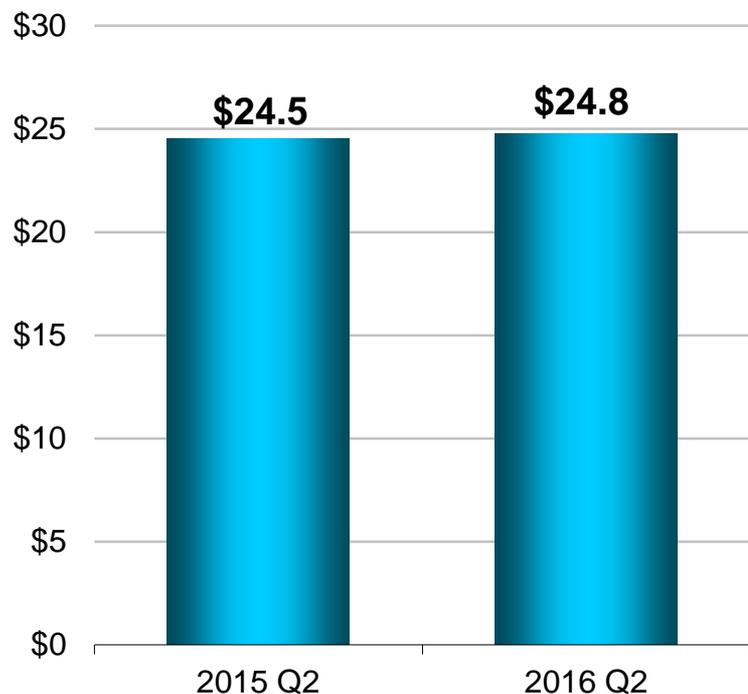
- Global economic growth continues at a moderate pace
- Solid passenger traffic; air cargo market remains weak
- Airline profitability driving healthy demand for aircraft
- Commercial aviation remains long-term growth industry
- Stabilizing U.S. defense budgets; solid support for our major programs
- International defense growth opportunities

Commercial up-cycle progressing; stabilizing defense environment

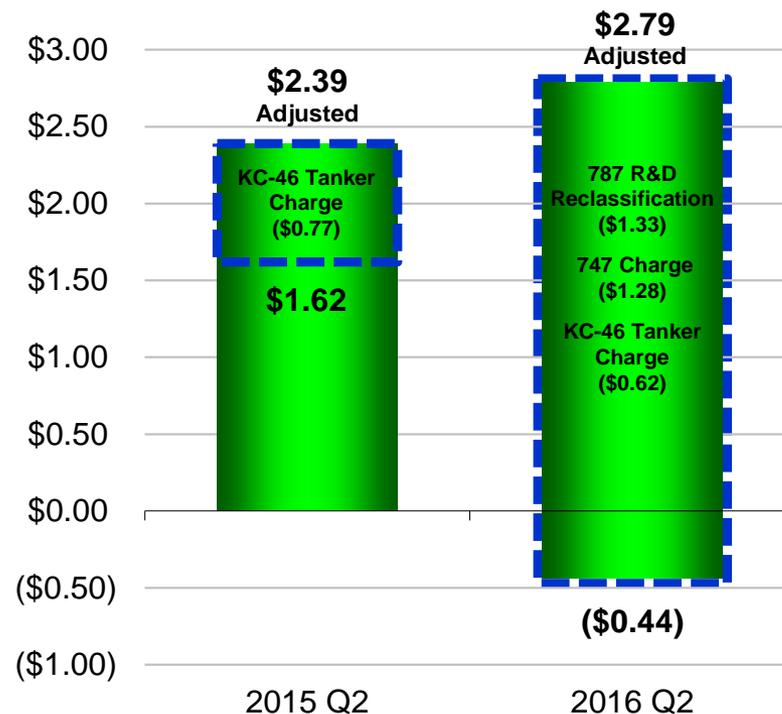
Second-Quarter Revenue and Earnings

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Revenue (Billions)



Core Earnings/(Loss) per Share *



* Non-GAAP measures. Reconciliations and additional information regarding non-GAAP measures are provided on slide 12.

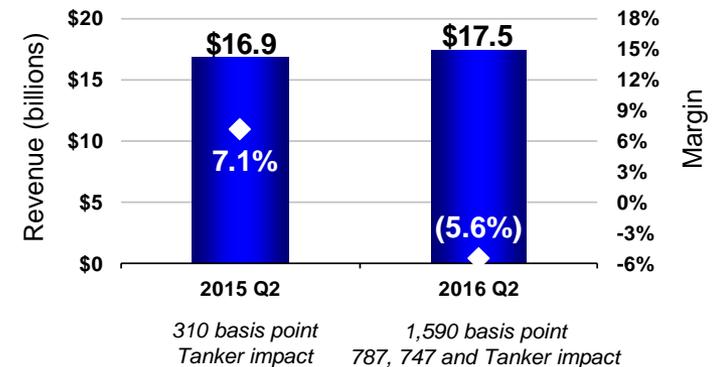
Solid underlying operating performance on production and services

Commercial Airplanes

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- **Delivered 199 airplanes**
- **Orders valued at \$11B; robust backlog of \$417B**
 - Won 152 net orders
- **Opened 777X Composite Wing Center**
- **Delivered first 787 at 12 per month rate**
- **Declared 787-10 production ready**
- **Rolled out first two 737 MAX production airplanes**
- **Completed 737 MAX 7 Firm Configuration**

Revenues & Operating Margins



Composite Wing Center Grand Opening

Focusing on execution, quality and productivity

Defense, Space & Security

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■ Capturing new and follow-on business

- Order for 12 H-47 Chinook aircraft for the Netherlands
- Contract award for 24 Qatar AH-64E Apache aircraft
- Congressional support for additional F/A-18s

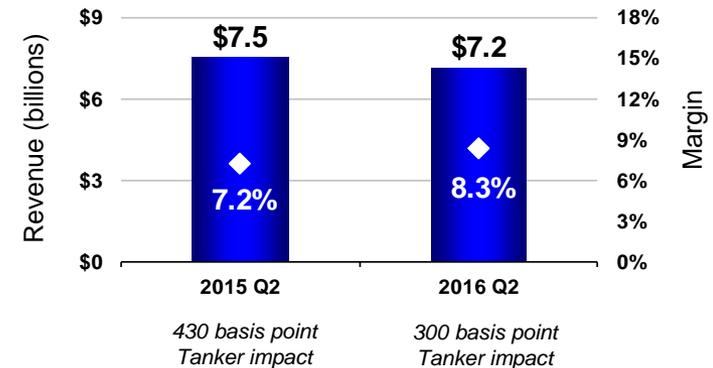
■ Executing balanced portfolio

- Delivered 44 aircraft* and 1 satellite
- First flight of KC-46 Tanker production aircraft

■ Orders valued at \$6B; Backlog of \$55B

*Includes new, remanufactured and renewed aircraft

Revenues & Operating Margins



H-47 Chinook

Focused on execution and meeting customers' needs

Cash Flow

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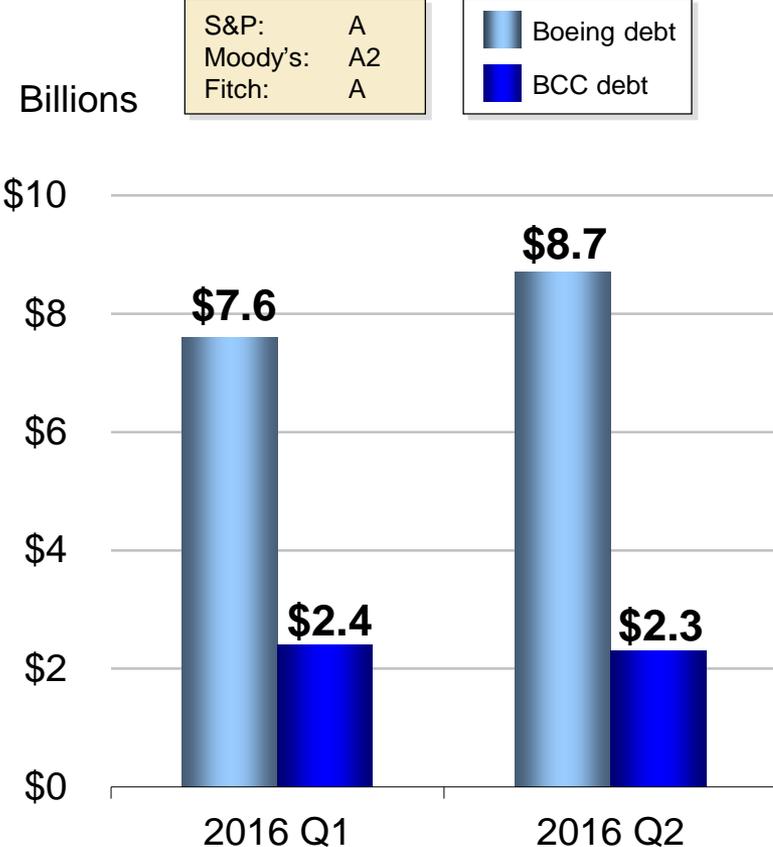
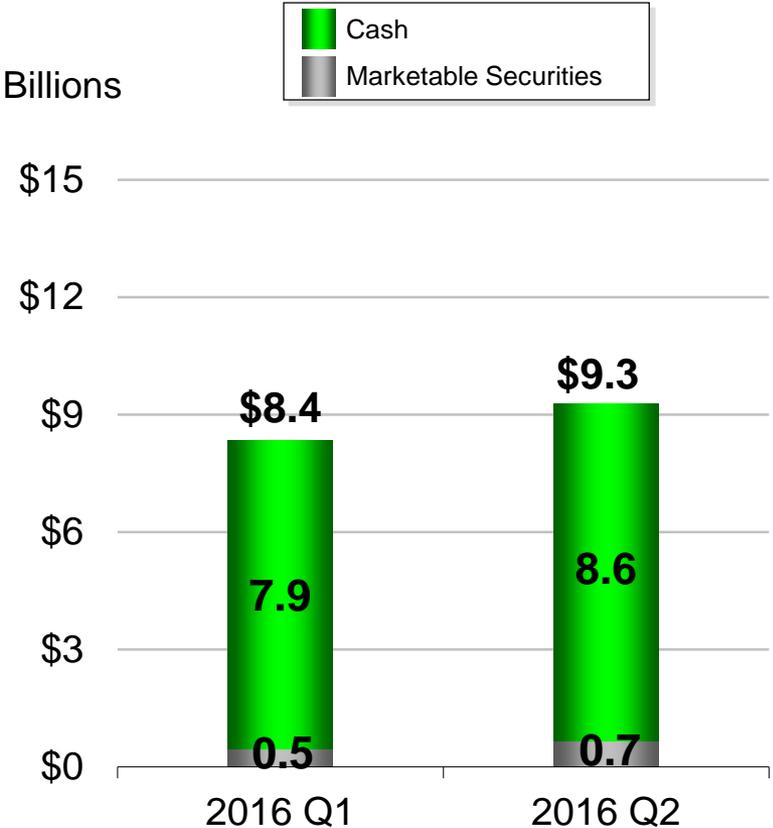
\$ Billions	2Q15	2Q16
Net Earnings/(Loss)	1.1	(0.2)
Depreciation/non-cash	0.6	0.6
Working Capital	1.6	2.8
Operating Cash Flow	<u>3.3</u>	<u>3.2</u>

- Solid operating performance
- Continuing to drive disciplined cash management
- Repurchased 15 million shares in 2Q16 for \$2 billion and paid \$0.7 billion in dividends

Strong cash flow; continued capital deployment to shareholders

Cash and Debt Balances

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Strong liquidity with manageable debt levels

Financial Guidance

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	<u>2016</u>
Revenue	\$93.0 – 95.0B
Core EPS [*]	\$8.15 – 8.35 \$6.10 – 6.30
Operating Cash Flow	~\$10B

* Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated July 27, 2016.

EPS guidance reflects reclassification, charges & solid performance

Caution Concerning Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “should,” “expects,” “intends,” “projects,” “plans,” “believes,” “estimates,” “targets,” “anticipates,” and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include statements relating to our future financial condition and operating results, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Among these factors are risks related to: (1) general conditions in the economy and our industry, including those due to regulatory changes; (2) our reliance on our commercial airline customers; (3) the overall health of our aircraft production system, planned production rate increases across multiple commercial airline programs, our commercial development and derivative aircraft programs, and our aircraft being subject to stringent performance and reliability standards; (4) changing budget and appropriation levels and acquisition priorities of the U.S. government; (5) our dependence on U.S. government contracts; (6) our reliance on fixed-price contracts; (7) our reliance on cost-type contracts; (8) uncertainties concerning contracts that include in-orbit incentive payments; (9) our dependence on our subcontractors and suppliers, as well as the availability of raw materials, (10) changes in accounting estimates; (11) changes in the competitive landscape in our markets; (12) our non-U.S. operations, including sales to non-U.S. customers; (13) potential adverse developments in new or pending litigation and/or government investigations; (14) customer and aircraft concentration in Boeing Capital’s customer financing portfolio; (15) changes in our ability to obtain debt on commercially reasonable terms and at competitive rates in order to fund our operations and contractual commitments; (16) realizing the anticipated benefits of mergers, acquisitions, joint ventures/strategic alliances or divestitures; (17) the adequacy of our insurance coverage to cover significant risk exposures; (18) potential business disruptions, including those related to physical security threats, information technology or cyber-attacks or natural disasters; (19) work stoppages or other labor disruptions; (20) significant changes in discount rates and actual investment return on pension assets; (21) potential environmental liabilities; and (22) threats to the security of our or our customers’ information.

Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.



Non-GAAP Measure Disclosure

The Boeing Company and Subsidiaries
Reconciliation of Non-GAAP Measures
(Unaudited)

The tables provided below reconcile (i) core earnings/(loss) per share and (ii) core earnings per share excluding reclassification and charges, in each case with the most directly comparable GAAP financial measure diluted earnings/(loss) per share. See page 7 of the company's press release dated July 27, 2016 for additional information on the use of core earnings/(loss) per share as a non-GAAP financial measure. Management uses core earnings per share excluding the second quarter reclassification & charges for the purpose of evaluating underlying business performance. Management believes that this measure also help investors assess overall trends in our operational performance and provide additional context for year over year financial results.

	<u>Second Quarter</u>	<u>Second Quarter</u>
	<u>2016</u>	<u>2015</u>
GAAP Diluted Earnings/(Loss) Per Share	(\$0.37)	\$1.59
Unallocated Pension (Income)/Expense	(0.05)	0.09
Unallocated Other Postretirement Benefit Income	(0.06)	(0.04)
Provision for deferred income taxes on adjustments ¹	0.04	(0.02)
Core Earnings/(Loss) Per Share (Non-GAAP)	(\$0.44)	\$1.62
787 R&D reclassification ²	1.33	
747 charge ³	1.28	
KC-46 Tanker charge ⁴	0.62	0.77
Core EPS excluding reclassification & charges (Non-GAAP)	\$2.79	\$2.39
Weighted Average Diluted Shares (in millions)	636.3 ^{**}	698.9

¹ The income tax impact is calculated using the tax rate in effect for the non-GAAP adjustments.

² Represents the earnings per share impact of the second quarter 2016 787 R&D reclassification of \$1.2 billion (\$847 million after-tax).

³ Represents the earnings per share impact of the second quarter 2016 747 charge of \$1.2 billion (\$814 million after-tax).

⁴ Represents the earnings per share impact of the second quarter 2016 KC-46 Tanker charge of \$573 million (\$393 million after-tax) and second-quarter 2015 KC-46 Tanker charge of \$835 million (\$536 million after-tax).

^{**} As a result of incurring a net loss for the three months ended June 30, 2016, potential common shares of 6.7 million were excluded from diluted earnings per share.