



Fourth-Quarter 2019 **PERFORMANCE REVIEW**

David Calhoun

President and Chief Executive Officer

Greg Smith

Chief Financial Officer

Executive Vice President of Enterprise Performance & Strategy

January 29, 2020

**INVESTOR
RELATIONS**

**RETURN THE
737 MAX TO
SERVICE SAFELY**

**REBUILD
TRUST**

**FOCUS
ON OUR
VALUES**

**OPERATE
WITH
EXCELLENCE**

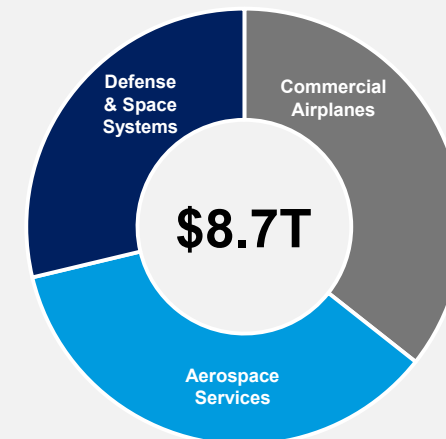
**RESTORE
PRODUCTION
HEALTH**

**INVEST
IN OUR
FUTURE**

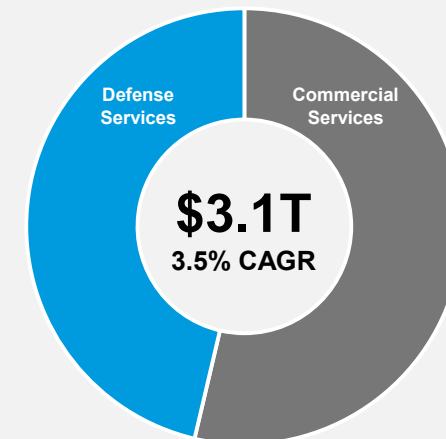
Primary focus remains 737 MAX safe return to service

- Commercial aviation remains long-term growth industry
 - 20-year Commercial Market Outlook of 44,040 airplanes
- Healthy airline industry profitability, resilient passenger traffic
- Diverse and balanced geographic, customer, and replacement demand
- Global trade tension putting pressure on widebody market
- Domestic support for our key defense and space programs
- Continuing international defense and space demand
- Growth opportunities over a 10-year period, \$3.1 trillion services market
- Monitoring supply chain health

Strong and Growing Markets
10-Year Served Market



Aerospace Services
10-Year Served Market

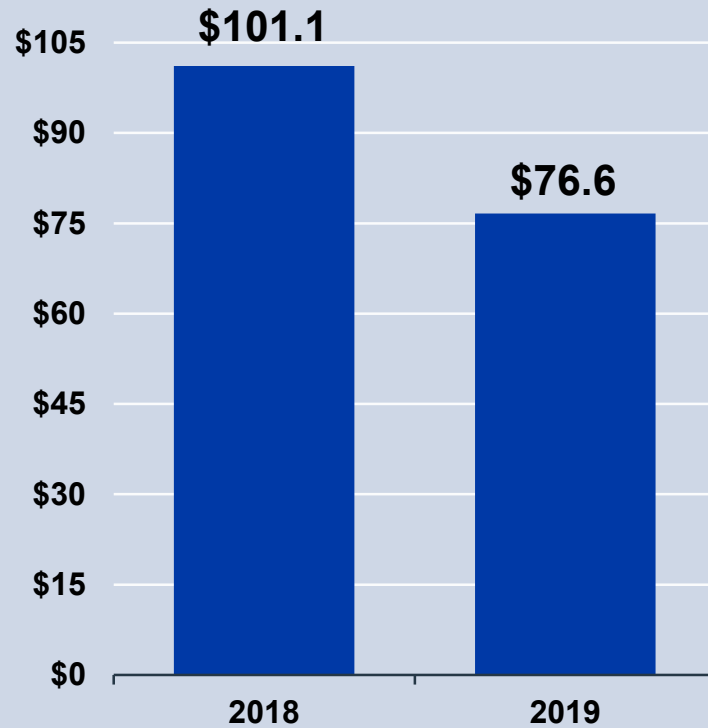


Strong commercial and defense demand; supply chain health remains a watch item

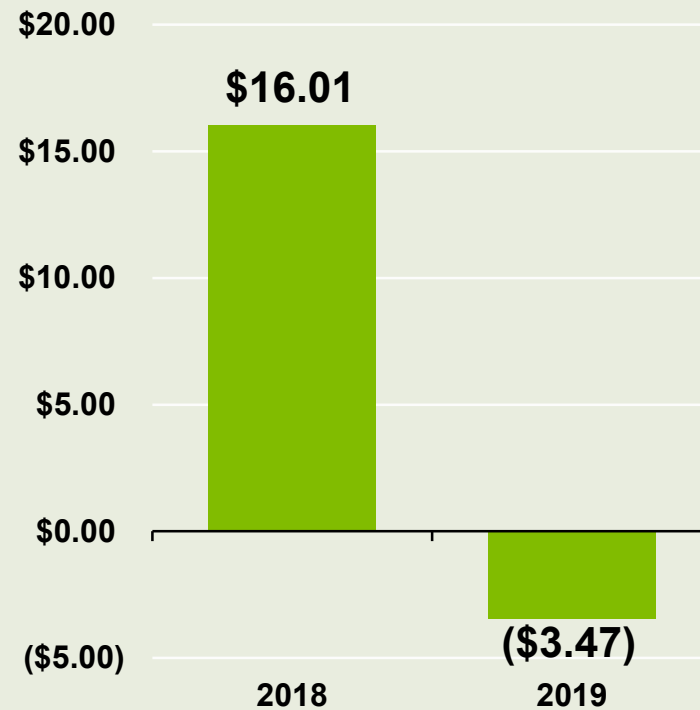
FULL YEAR FINANCIAL RESULTS

BOEING
INVESTOR
RELATIONS

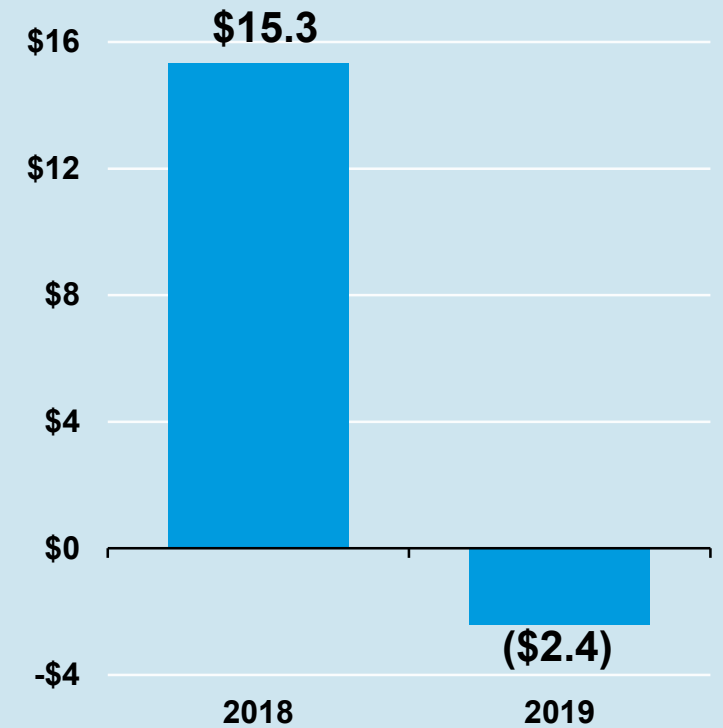
Revenue (Billions)



Core Earnings/(Loss) per Share*



Operating Cash Flow (Billions)

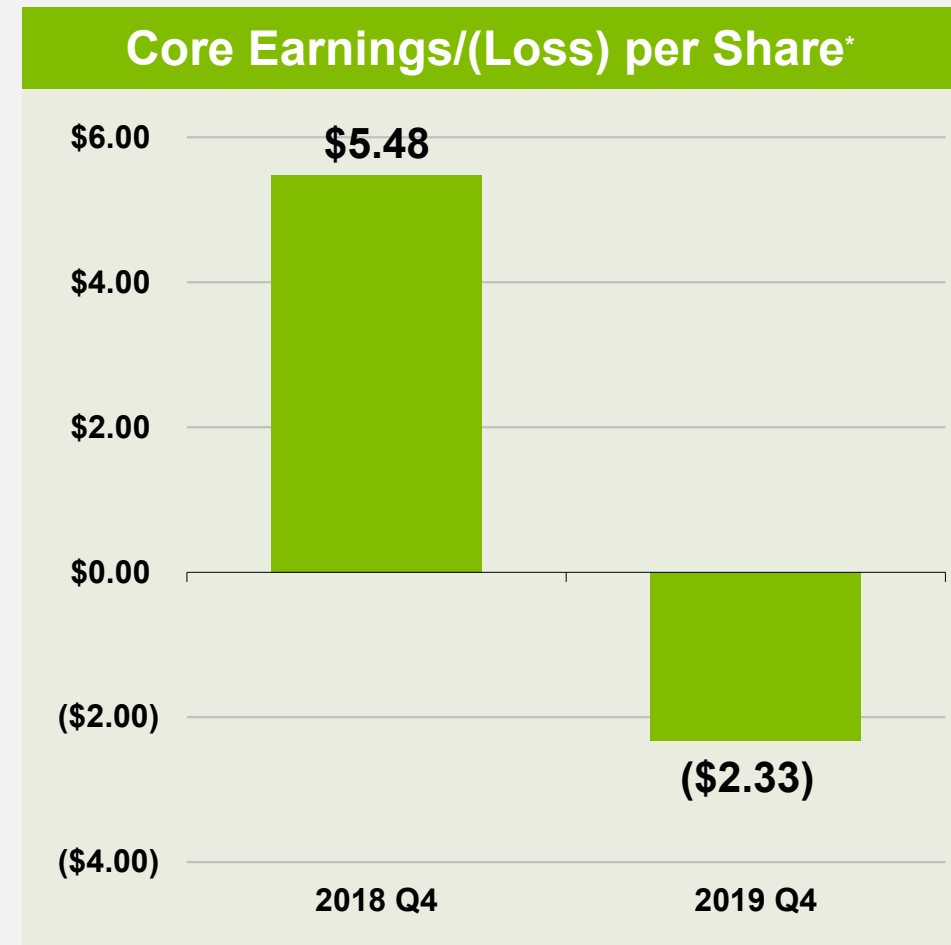
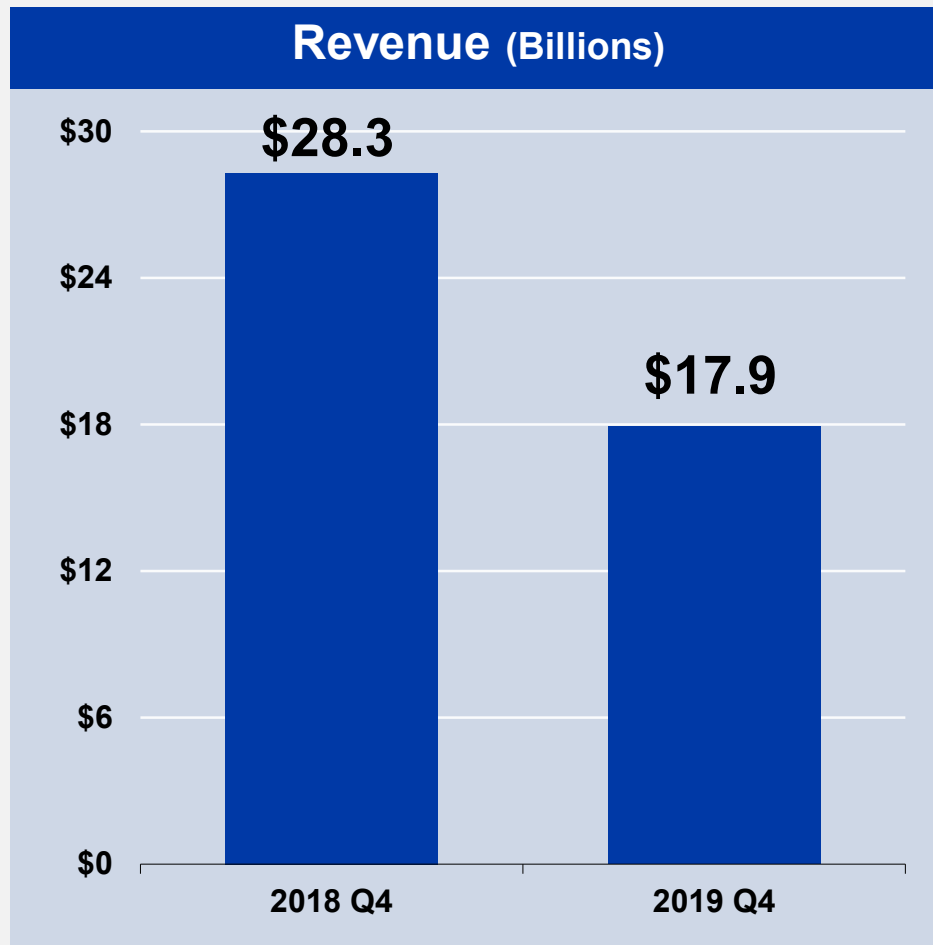


* Non-GAAP measures. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated January 29, 2020 and on slide 15 of this presentation.

2019 results significantly impacted by 737 MAX

FOURTH-QUARTER REVENUE AND EARNINGS

BOEING
INVESTOR
RELATIONS



* Non-GAAP measure. Additional information is provided in the company's earnings press release dated January 29, 2020 and on slide 14 of this presentation.

Primarily driven by 737 MAX grounding

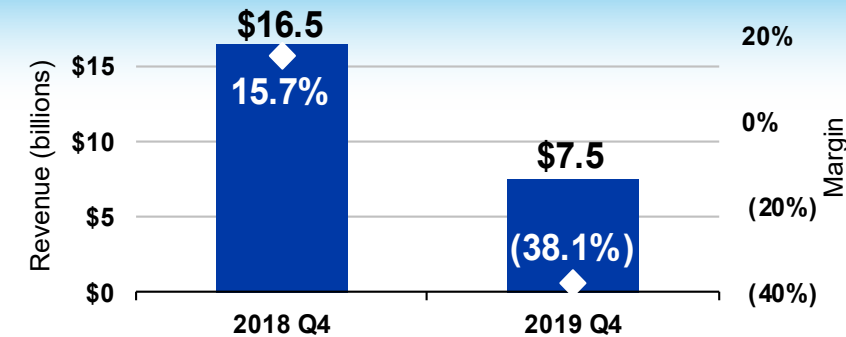
- **737 MAX production suspended temporarily, beginning in January**
- **Results reflect updated production plan and delivery assumptions**
 - Recorded lower BCA revenue, operating earnings and cash flow
 - Included \$2.6B additional costs to produce aircraft in the 737 program accounting quantity in 4Q19; FY19 \$6.3B
 - Booked additional \$2.6B pre-tax charge related to estimated potential concessions and other considerations to customers in 4Q19; FY19 \$8.3B (net of insurance)
- **Future financial results will be impacted by:**
 - Timing and conditions of regulatory approvals
 - Production rate and delivery profile
 - Estimated ~\$4B abnormal production costs[#] to be expensed as incurred, primarily in 2020
- **Prudently managing liquidity; preserving balance sheet flexibility**

Note: amounts above exclude \$0.3B costs expensed in 2019 as incurred (storage, software development, training, etc.)

[#] Costs to be incurred during the suspension of 737 MAX production and the gradual resumption of production at low production rates

- Financial results significantly impacted by 737 MAX grounding and production
- Delivered 79 airplanes, including 45 787s
- Backlog of \$377B
 - Booked 36 787 net orders
 - Secured orders for 30 737 MAX aircraft at Dubai Air Show
 - Lufthansa ordered 2 777 Freighters
- 777X first flight successfully completed on January 25th
- Adjusting 787 production rate to 12/month in late 2020, 10/month in early 2021, returning to 12/month in 2023

Revenues & Operating Margins



Focused on 737 MAX safe return to service while managing program production health

DEFENSE, SPACE & SECURITY

BOEING
INVESTOR
RELATIONS

- **Captured new and follow-on business; well positioned for the future**
 - Award for 10 Space Launch System core stages and up to 8 Exploration Upper Stages
 - Contract to upgrade NATO Airborne Warning & Control System fleet
 - Contract for remanufacture of 47 AH-64E Apache aircraft
- **Executed balanced portfolio**
 - Delivered the first modified MV-22 Osprey to the U.S. Marine Corps
 - Delivered the first P-8A Poseidon to the United Kingdom Royal Air Force
- **Conducted Starliner OFT mission; NASA evaluating results**
 - Recorded charge to provision for additional uncrewed mission
- **Orders valued at \$8B in 4Q19 and \$28B in 2019; Backlog of \$64B**

Revenues & Operating Margins

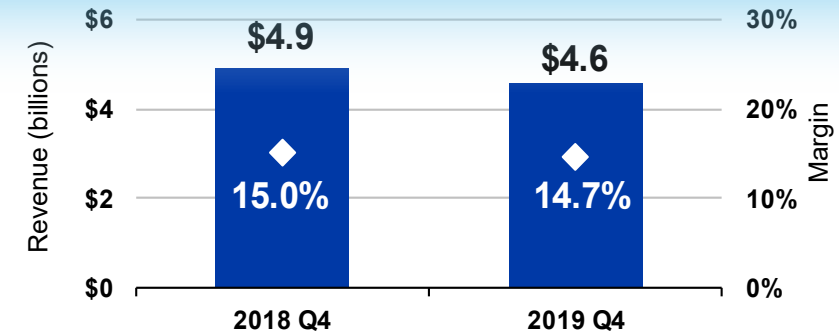


Approval to ship SLS to Stennis

Healthy demand; focused on execution, productivity, and competitiveness

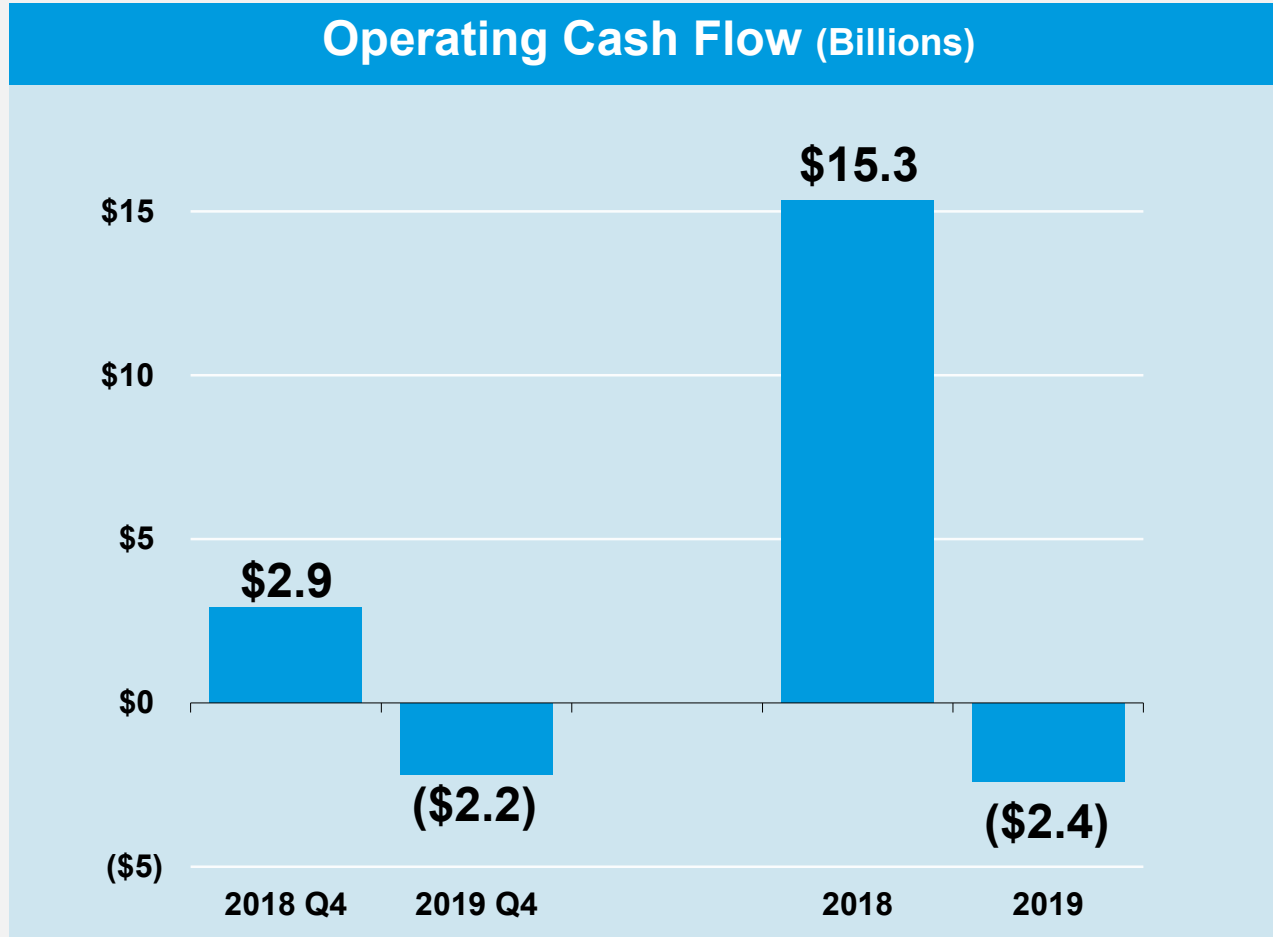
- **Captured new and follow-on business**
 - Awarded V-22 support contracts for U.S. and Japan
 - Received AH-64/CH-47 Global Support contract for the U.S. Army
 - Signed multiyear Landing Gear Exchange services agreement with LATAM
 - Announced 5-year digital navigation renewal agreement with Saudi Arabian Airlines
 - Launched new ForeFlight Dispatch digital solution and signed contract with Flexjet
- **Launched Boeing Readiness Operations Center to support defense fleet performance**
- **Orders valued at \$6B in 4Q19 and \$20B in 2019; Backlog of \$23B**

Revenues & Operating Margins



Awarded V-22 support contracts for U.S. and Japan

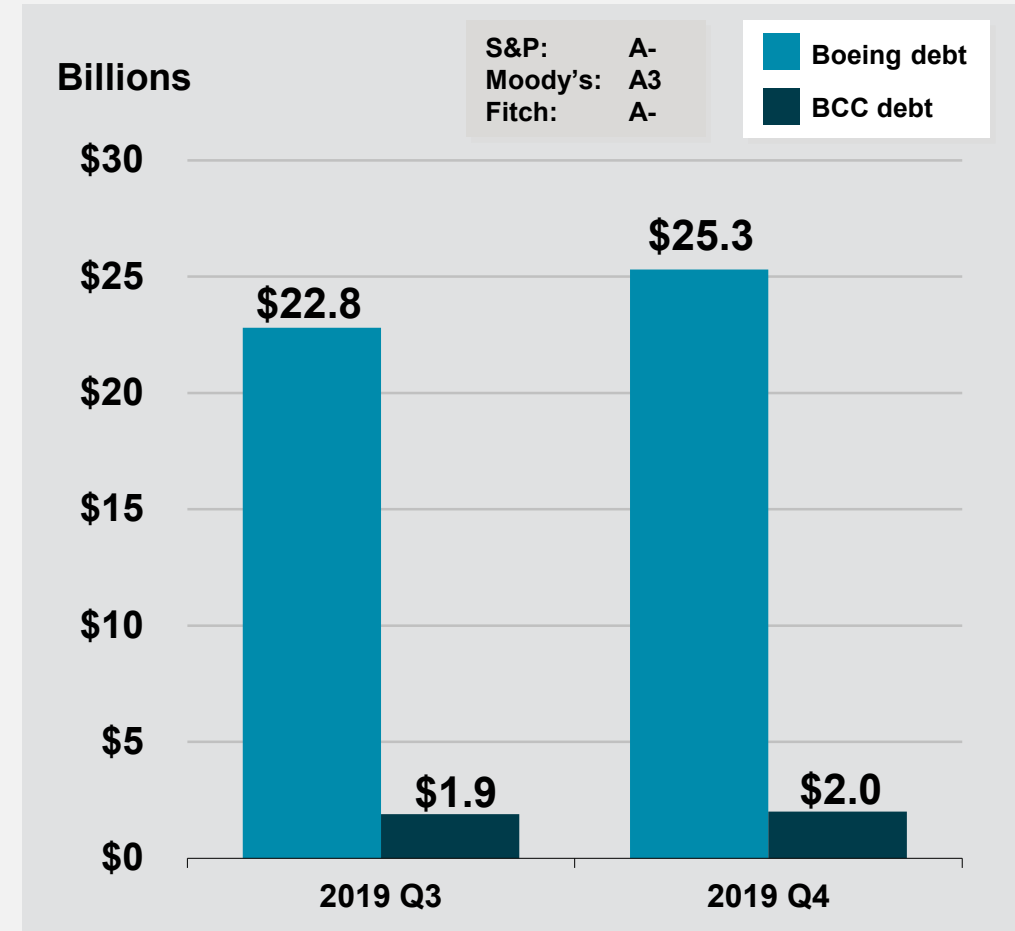
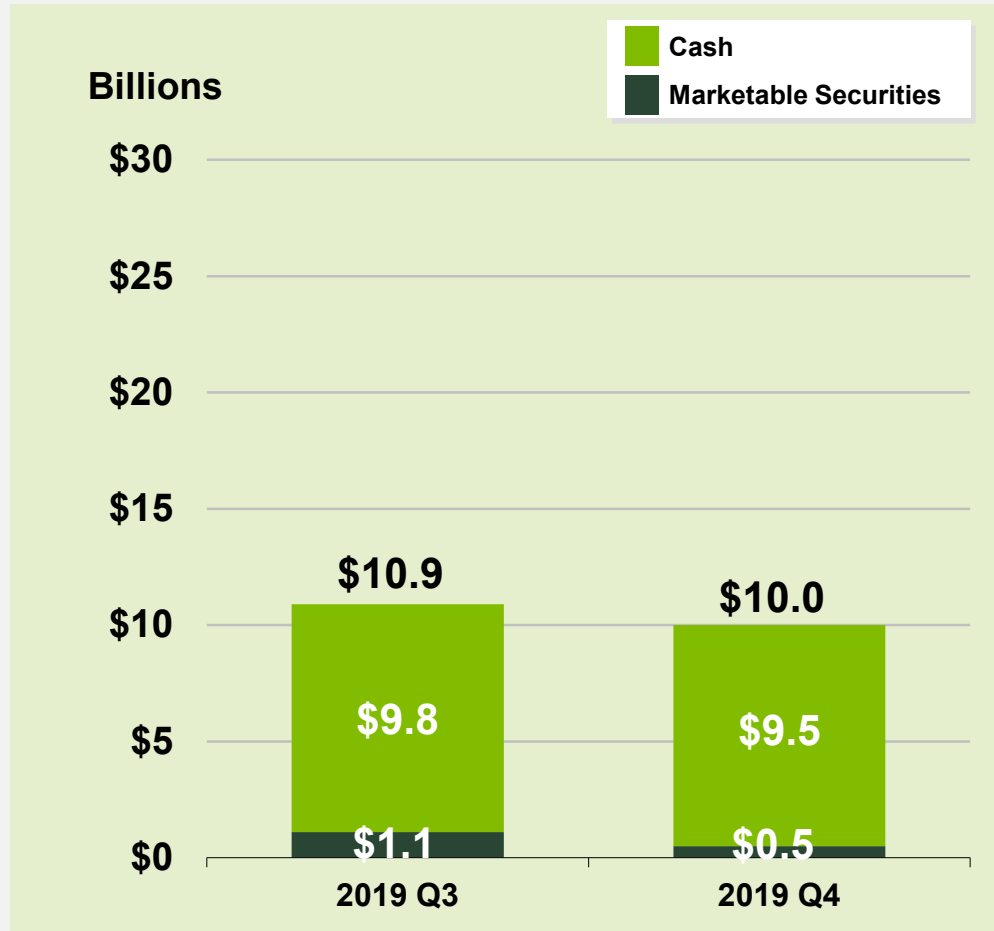
Sizable market opportunity; positioned for growth



- Lower 737 delivery and advance payments, while continuing to produce and store aircraft
- Disciplined cash management
- Timing of receipts and expenditures

Cash generation significantly impacted by 737 MAX

CASH AND DEBT BALANCES



Managing balance sheet flexibility



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 generally 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 expectations and assumptions that we believe to be reasonable when made, but that 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) the timing and conditions surrounding the return to service of the 737 MAX fleet and the resumption of 737 MAX production (2) general conditions in the economy and our industry, including those due to regulatory changes; (3) our reliance on our commercial airline customers; (4) the overall health of our aircraft production system, planned production changes, our commercial development and derivative aircraft programs, and our aircraft being subject to stringent performance and reliability standards; (5) changing budget and appropriation levels and acquisition priorities of the U.S. government; (6) our dependence on U.S. government contracts; (7) our reliance on fixed-price contracts; (8) our reliance on cost-type contracts; (9) uncertainties concerning contracts that include in-orbit incentive payments; (10) our dependence on our subcontractors and suppliers, as well as the availability of raw materials; (11) changes in accounting estimates; (12) changes in the competitive landscape in our markets; (13) our non-U.S. operations, including sales to non-U.S. customers; (14) threats to the security of our or our customers’ information; (15) potential adverse developments in new or pending litigation and/or government investigations; (16) customer and aircraft concentration in our customer financing portfolio; (17) changes in our ability to obtain debt on commercially reasonable terms and at competitive rates in order to fund our operations and contractual commitments; (18) realizing the anticipated benefits of mergers, acquisitions, joint ventures/strategic alliances or divestitures; (19) the adequacy of our insurance coverage to cover significant risk exposures; (20) potential business disruptions, including those related to physical security threats, and information technology or cyber-attacks or natural disasters; (21) work stoppages or other labor disruptions; (22) substantial pension and other postretirement benefit obligations; (23) potential environmental liabilities.

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 table provided below reconciles the non-GAAP financial measure core (loss)/earnings per share with the most directly comparable GAAP financial measure diluted (loss)/earnings per share. See page 6 of the company's press release dated January 30, 2019 for additional information on the use of core (loss)/earnings per share as a non-GAAP financial measure.

<i>(Dollars in millions, except per share data)</i>	Fourth Quarter 2019		Fourth Quarter 2018	
	\$ millions	Per Share	\$ millions	Per Share
Diluted (loss)/earnings per share (GAAP)		(\$1.79)		\$5.93
Pension FAS/CAS service cost adjustment	(\$248)	(0.44)	(\$225)	(0.39)
Postretirement FAS/CAS service cost adjustment	(74)	(0.13)	(83)	(0.14)
Non-operating pension expense	(94)	(0.17)	(45)	(0.08)
Non-operating postretirement expense	27	0.05	24	0.04
Provision for deferred income taxes on adjustments ¹	82	0.15	69	0.12
Subtotal of adjustments	(\$307)	(\$0.54)	(\$260)	(\$0.45)
Core (loss)/earnings per share (non-GAAP)		(\$2.33)		\$5.48
Weighted average diluted shares (in millions)		565.4		577.5

¹ The income tax impact is calculated using the U.S. corporate statutory tax rate.

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<i>(Dollars in millions, except per share data)</i>	Full Year 2019		Full Year 2018	
	\$ millions	Per Share	\$ millions	Per Share
Diluted (loss)/earnings per share (GAAP)		(\$1.12)		\$17.85
Pension FAS/CAS service cost adjustment	(\$1,071)	(1.89)	(\$1,005)	(1.71)
Postretirement FAS/CAS service cost adjustment	(344)	(0.61)	(322)	(0.55)
Non-operating pension expense	(374)	(0.66)	(143)	(0.24)
Non-operating postretirement expense	107	0.19	101	0.17
Provision for deferred income taxes on adjustments ¹	353	0.62	287	0.49
Subtotal of adjustments	(\$1,329)	(\$2.35)	(\$1,082)	(\$1.84)
Core (loss)/earnings per share (non-GAAP)		(\$3.47)		\$16.01
Weighted average diluted shares (in millions)		566.0		586.2

¹ The income tax impact is calculated using the U.S. corporate statutory tax rate.