



Fourth-Quarter and Full-Year 2014 Performance Review

Jim McNerney

Chairman and Chief Executive Officer

Greg Smith

Executive Vice President and Chief Financial Officer

January 28, 2015

Significant Achievements (2013-14) and Future Opportunities

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- ✓ Booked more than 2,700 net orders driven by unprecedented demand
- ✓ Executed six production increases; captured productivity improvements
- ✓ BDS won numerous strategic awards and improved affordability
- ✓ Successfully launched the 777X program and the 787-10
- ✓ Established agreements to ensure long-term labor stability
- Five more planned production rate increases over the next five years
- Execute on record backlog and deliver on development programs
- Further return cash to shareholders through dividends and repurchase

Driving growth and productivity while de-risking the decade

2014 Summary

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- Results reflect continued strong operating performance
- Strong commercial airplane orders; key defense awards
- Proven product strategy; large diversified backlog at a record \$502 billion
- Continued focus on cost reductions and productivity improvements
- Significant operating cash of \$8.9 billion
- Increased repurchase authorization to \$12B and increased dividend 25%

Strong results... successful execution driving performance

Business Environment

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- Global economic growth continues at a moderate pace
- Strong passenger traffic; cargo traffic gradually improving
- Airline profitability improving; driving strong demand for aircraft
- Commercial aviation remains long-term growth industry
- International defense growth opportunities; defense budget pressures in U.S. and other developed markets

Commercial up-cycle progressing; dynamic defense environment

2014 Financial Results

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	<u>2013</u>	<u>2014</u>
Revenue	\$86.6B	\$90.8B
Core Operating Earnings *	\$7.9B	\$8.9B
Core EPS *	\$7.07	\$8.60
Operating Cash Flow	\$8.2B	\$8.9B

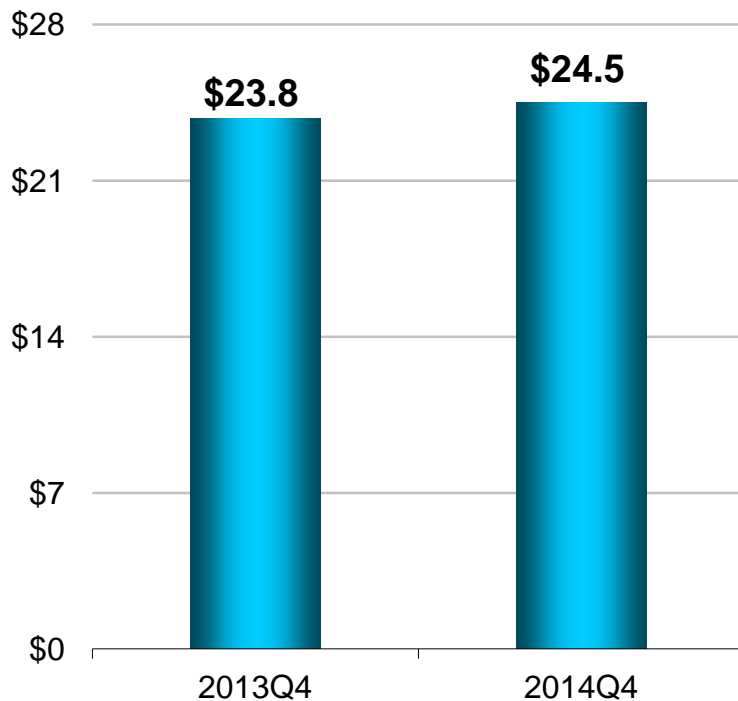
* Non-GAAP measures. Definitions, reconciliations, and further disclosures regarding non-GAAP measures are provided in the company's earnings press release dated January 28, 2015

Strong core operating performance

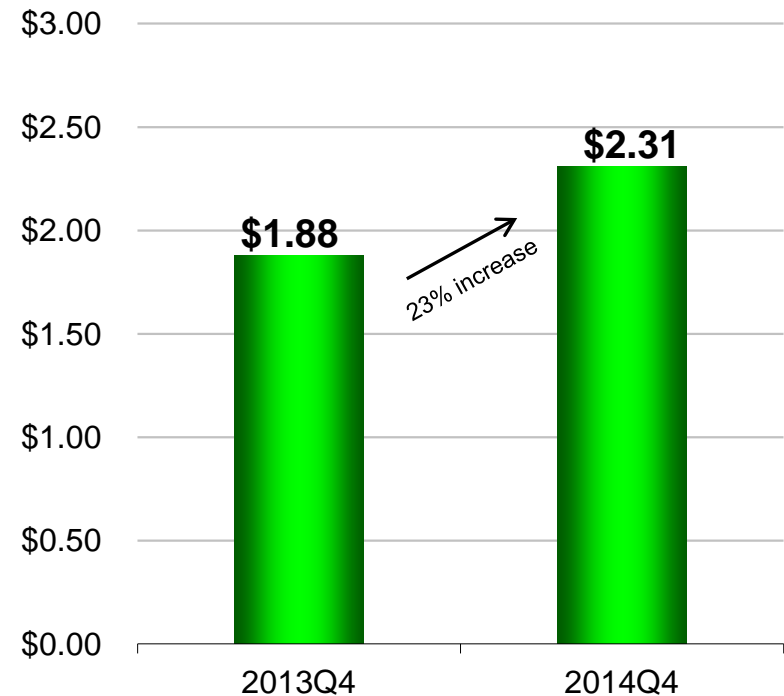
Fourth-Quarter Revenue and Earnings

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Revenue (Billions)



Core Earnings per Share *



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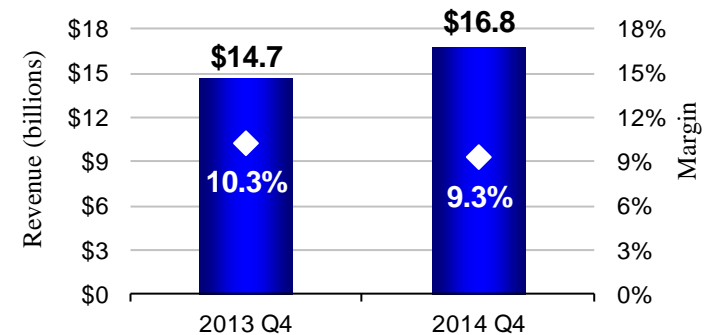
Strong operating performance on production and services programs

Commercial Airplanes

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- **Continued strong operating performance**
 - Record annual revenue and earnings
- **Delivered 195 airplanes in Q4; 723 in 2014**
 - Record annual deliveries for 737, 777 and 787
- **Orders valued at \$27B; record backlog of \$440B**
 - Won 432 net orders in Q4; record 1,432 orders in 2014
 - Over 2,600 737 MAX firm orders since launch
- **Broke ground on 777X composite centers**
- **Started production of first 737 MAX**

Revenues & Operating Margins



737 MAX

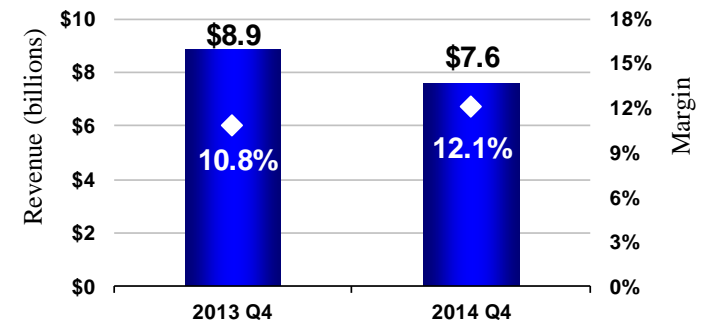
Focusing on execution, quality and productivity

Defense, Space & Security

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- **Continued strong operating performance**
- **Capturing new and follow-on business**
 - Awarded long-term international service contracts
 - Japan selects V-22 to fulfill tilt-rotor aircraft requirements
 - Congress approved funding for 15 EA-18Gs
- **Executing balanced defense and space portfolio**
 - Delivered 41 aircraft; 2 satellites
 - Achieved first flight of the 767-2C test aircraft
- **Orders valued at \$10B; Backlog of \$62B**

Revenues & Operating Margins



First Flight of 767-2C Test Aircraft
for KC-46 Tanker Program

Focused on execution and productivity... capturing opportunities

Cash Flow

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\$ Billions	4Q13	4Q14
Net Earnings	1.2	1.5
Depreciation/non-cash	1.1	0.8
Working Capital ¹	(0.9)	2.7
Operating Cash Flow Before Pension Contributions*	1.4	5.0
Pension Contributions	0.0	0.0
Operating Cash Flow	1.4	5.0
Free Cash Flow*	0.7	4.3

¹ Excluding pension contributions

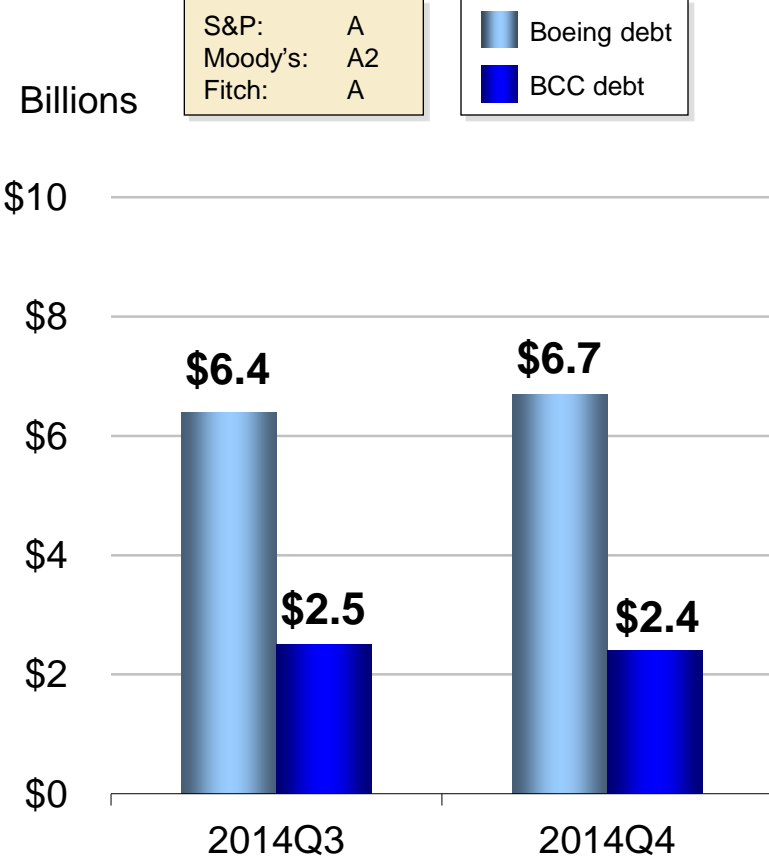
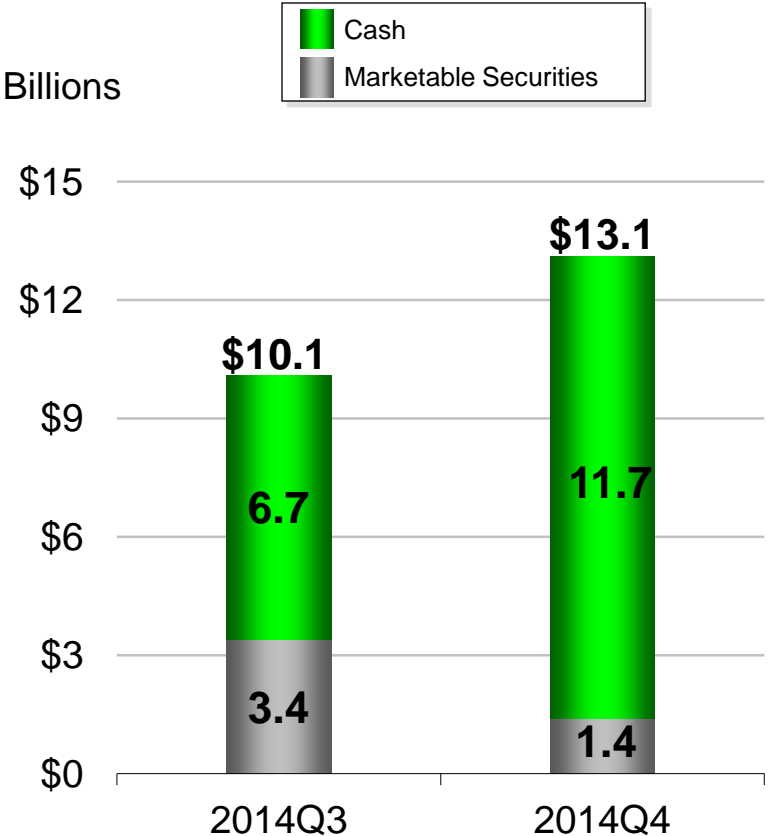
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- Increased production rates
- Strong operating performance
- Timing of receipts and expenditures
- Capturing benefits of disciplined cash management
- Repurchased 7.8 million shares in 4Q14 for \$1.0 billion and paid \$0.5 billion in dividends

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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2015

Revenue

\$94.5 – 96.5B

Core EPS*

\$8.20 – 8.40

**4%-6% growth excluding 2014
one-time tax benefits of \$0.71**

Operating Cash Flow

>\$9B

* Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure is provided on slide 15.

Strong growth continues across the business in 2015

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.

Appendix: Other Results

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- **Boeing Capital Corporation**

- Supporting business units while prudently managing portfolio and risk
- Net financing portfolio was unchanged from the prior quarter at \$3.5 billion as new aircraft volume was offset by normal runoff

- **Earnings from Unallocated items, eliminations and other**

- Unallocated earnings improved by \$470M during the quarter as 4Q13 included a \$406M charge associated with the A-12 settlement

Supporting businesses and managing risks



Non-GAAP Measure Disclosure

The Boeing Company and Subsidiaries
Reconciliation of Non-GAAP Measures
2015 Increase in Core EPS Excluding Second Quarter 2014 Tax Items
(Unaudited)

The tables provided below reconcile the non-GAAP financial measure of the 2015 increase in core earnings per share excluding second quarter 2014 tax items with the most directly comparable GAAP financial measure. See page 7 of the company's press release dated January 28, 2015 for additional information on the use of these non-GAAP financial measures.

	<u>Full Year</u>	<u>Guidance</u>
	<u>2014</u>	<u>2015</u>
GAAP Diluted Earnings Per Share	\$7.38	\$8.10 - \$8.30
Unallocated Pension/Postretirement Expense ¹	\$1.22	\$0.10
Core Earnings Per Share (non-GAAP)	\$8.60	\$8.20 - \$8.40
Second Quarter 2014 Tax Items ²	\$0.71	
Core Earnings Per Share Excluding Second Quarter 2014 Tax Items	\$7.89	\$8.20 - \$8.40
Weighted Average Diluted Shares (in millions)	738.0	695 - 700
Increase in GAAP Earnings Per Share		10% - 12%
Increase in Core Earnings Per Share (Non-GAAP) Excluding Second Quarter 2014 Tax Items		4% - 6%

¹ Earnings per share impact is presented net of the federal statutory tax rate of 35.0 percent.

² Represents the earnings per share impact of tax items of \$524 million.