



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 **March 31, 2020**

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

(State or other jurisdiction of
incorporation or organization)

91-0425694

(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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large Accelerated Filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$5.00 Par Value	BA	New York Stock Exchange

As of April 22, 2020, there were 564,325,344 shares of common stock, \$5.00 par value, issued and outstanding.

THE BOEING COMPANY
FORM 10-Q
For the Quarter Ended March 31, 2020

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Part I. Financial Information**Item 1. Financial Statements**

The Boeing Company and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

*(Dollars in millions, except per share data)***Three months ended March 31**

	2020	2019
Sales of products	\$14,191	\$20,225
Sales of services	2,717	2,692
Total revenues	16,908	22,917
Cost of products	(14,713)	(16,238)
Cost of services	(2,043)	(2,389)
Boeing Capital interest expense	(12)	(18)
Total costs and expenses	(16,768)	(18,645)
	140	4,272
(Loss)/income from operating investments, net	(2)	20
General and administrative expense	(873)	(1,184)
Research and development expense, net	(672)	(866)
Gain on dispositions, net	54	108
(Loss)/earnings from operations	(1,353)	2,350
Other income, net	112	106
Interest and debt expense	(262)	(123)
(Loss)/earnings before income taxes	(1,503)	2,333
Income tax benefit/(expense)	862	(184)
Net (loss)/earnings	(641)	2,149
Less: net loss attributable to noncontrolling interest	(13)	
Net (loss)/earnings attributable to Boeing Shareholders	(\$628)	\$2,149
Basic (loss)/earnings per share	(\$1.11)	\$3.79
Diluted (loss)/earnings per share	(\$1.11)	\$3.75
Weighted average diluted shares (millions)	565.9	572.4

See Notes to the Condensed Consolidated Financial Statements.

The Boeing Company and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(Dollars in millions)

	Three months ended March 31	
	2020	2019
Net (loss)/earnings	(\$641)	\$2,149
Other comprehensive (loss)/income, net of tax:		
Currency translation adjustments	(77)	1
Unrealized gain on certain investments, net of tax of \$0 and \$0		1
Unrealized (loss)/gain on derivative instruments:		
Unrealized (loss)/gain arising during period, net of tax of \$77 and (\$3)	(275)	11
Reclassification adjustment for losses/(gains) included in net earnings, net of tax of (\$1) and \$1	2	(2)
Total unrealized (loss)/gain on derivative instruments, net of tax	(273)	9
Defined benefit pension plans and other postretirement benefits:		
Amortization of prior service credits included in net periodic pension cost, net of tax of \$6 and \$6	(23)	(23)
Amortization of actuarial losses included in net periodic pension cost, net of tax of (\$53) and (\$32)	193	118
Pension and postretirement cost related to our equity method investments, net of tax of \$0 and (\$2)		8
Total defined benefit pension plans and other postretirement benefits, net of tax	170	103
Other comprehensive (loss)/income, net of tax	(180)	114
Comprehensive (loss)/income, net of tax	(821)	2,263
Less: Comprehensive loss related to noncontrolling interest	(13)	
Comprehensive (loss)/income attributable to Boeing Shareholders, net of tax	(\$808)	\$2,263

See Notes to the Condensed Consolidated Financial Statements.

The Boeing Company and Subsidiaries
Condensed Consolidated Statements of Financial Position
(Unaudited)

<i>(Dollars in millions, except per share data)</i>	March 31 2020	December 31 2019
Assets		
Cash and cash equivalents	\$15,039	\$9,485
Short-term and other investments	488	545
Accounts receivable, net	3,211	3,266
Unbilled receivables, net	9,365	9,043
Current portion of customer financing, net	149	162
Inventories	80,020	76,622
Other current assets, net	2,739	3,106
Total current assets	111,011	102,229
Customer financing, net	2,116	2,136
Property, plant and equipment, net of accumulated depreciation of \$19,591 and \$19,342	12,405	12,502
Goodwill	8,057	8,060
Acquired intangible assets, net	3,256	3,338
Deferred income taxes	678	683
Investments	1,124	1,092
Other assets, net of accumulated amortization of \$611 and \$580	4,428	3,585
Total assets	\$143,075	\$133,625
Liabilities and equity		
Accounts payable	\$14,963	\$15,553
Accrued liabilities	21,483	22,868
Advances and progress billings	52,883	51,551
Short-term debt and current portion of long-term debt	5,173	7,340
Total current liabilities	94,502	97,312
Deferred income taxes	336	413
Accrued retiree health care	4,483	4,540
Accrued pension plan liability, net	15,962	16,276
Other long-term liabilities	3,398	3,422
Long-term debt	33,754	19,962
Total liabilities	152,435	141,925
Shareholders' equity:		
Common stock, par value \$5.00 – 1,200,000,000 shares authorized; 1,012,261,159 shares issued	5,061	5,061
Additional paid-in capital	6,595	6,745
Treasury stock, at cost - 447,947,807 and 449,352,405 shares	(54,842)	(54,914)
Retained earnings	49,854	50,644
Accumulated other comprehensive loss	(16,333)	(16,153)
Total shareholders' equity	(9,665)	(8,617)
Noncontrolling interests	305	317
Total equity	(9,360)	(8,300)
Total liabilities and equity	\$143,075	\$133,625

See Notes to the Condensed Consolidated Financial Statements.

The Boeing Company and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(Dollars in millions)
Three months ended March 31

	2020	2019
Cash flows – operating activities:		
Net (loss)/earnings	(\$641)	\$2,149
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Non-cash items –		
Share-based plans expense	55	47
Depreciation and amortization	556	521
Investment/asset impairment charges, net	26	34
Customer financing valuation adjustments		249
Gain on dispositions, net	(54)	(108)
Other charges and credits, net	97	74
Changes in assets and liabilities –		
Accounts receivable	(54)	206
Unbilled receivables	(402)	(183)
Advances and progress billings	1,337	1,857
Inventories	(2,973)	(2,725)
Other current assets	328	164
Accounts payable	(1,030)	1,624
Accrued liabilities	(583)	(919)
Income taxes receivable, payable and deferred	(892)	116
Other long-term liabilities	(69)	(281)
Pension and other postretirement plans	(179)	(188)
Customer financing, net	23	152
Other	153	(1)
Net cash (used)/provided by operating activities	(4,302)	2,788
Cash flows – investing activities:		
Property, plant and equipment additions	(428)	(501)
Property, plant and equipment reductions	58	110
Acquisitions, net of cash acquired		(276)
Contributions to investments	(244)	(457)
Proceeds from investments	227	366
Other	8	(9)
Net cash used by investing activities	(379)	(767)
Cash flows – financing activities:		
New borrowings	17,433	5,237
Debt repayments	(5,854)	(4,374)
Contributions from noncontrolling interests		7
Stock options exercised	21	42
Employee taxes on certain share-based payment arrangements	(162)	(233)
Common shares repurchased		(2,341)
Dividends paid	(1,158)	(1,161)
Net cash provided/(used) by financing activities	10,280	(2,823)
Effect of exchange rate changes on cash and cash equivalents, including restricted	(47)	1
Net increase/(decrease) in cash & cash equivalents, including restricted	5,552	(801)
Cash & cash equivalents, including restricted, at beginning of year	9,571	7,813
Cash & cash equivalents, including restricted, at end of period	15,123	7,012
Less restricted cash & cash equivalents, included in Investments	84	176
Cash and cash equivalents at end of period	\$15,039	\$6,836

See Notes to the Condensed Consolidated Financial Statements.

The Boeing Company and Subsidiaries
Condensed Consolidated Statements of Equity
For the three months ended March 31, 2020 and 2019
(Unaudited)

<i>(Dollars in millions, except per share data)</i>	Boeing shareholders						Non- controlling Interests	Total
	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss			
Balance at January 1, 2019	\$5,061	\$6,768	(\$52,348)	\$55,941	(\$15,083)	\$71	\$410	
Net earnings				2,149			2,149	
Other comprehensive income, net of tax of (\$30)					114		114	
Share-based compensation and related dividend equivalents		47					47	
Treasury shares issued for stock options exercised, net		(36)	77				41	
Treasury shares issued for other share-based plans, net		(206)	(18)				(224)	
Common shares repurchased			(2,341)				(2,341)	
Changes in noncontrolling interests						36	36	
Balance at March 31, 2019	\$5,061	\$6,573	(\$54,630)	\$58,090	(\$14,969)	\$107	\$232	
Balance at December 31, 2019	\$5,061	\$6,745	(\$54,914)	\$50,644	(\$16,153)	\$317	(\$8,300)	
Impact of ASU 2016-13				(162)			(162)	
Balance at January 1, 2020	\$5,061	\$6,745	(\$54,914)	\$50,482	(\$16,153)	\$317	(\$8,462)	
Net loss				(628)		(13)	(641)	
Other comprehensive income, net of tax of \$29					(180)		(180)	
Share-based compensation and related dividend equivalents		55					55	
Treasury shares issued for stock options exercised, net		(16)	36				20	
Treasury shares issued for other share-based plans, net		(189)	36				(153)	
Changes in noncontrolling interests						1	1	
Balance at March 31, 2020	\$5,061	\$6,595	(\$54,842)	\$49,854	(\$16,333)	\$305	(\$9,360)	

See Notes to the Condensed Consolidated Financial Statements.

The Boeing Company and Subsidiaries
Notes to Condensed Consolidated Financial Statements
Summary of Business Segment Data
(Unaudited)

*(Dollars in millions)***Three months ended March 31**

	2020	2019
Revenues:		
Commercial Airplanes	\$6,205	\$11,822
Defense, Space & Security	6,042	6,587
Global Services	4,628	4,619
Boeing Capital	65	66
Unallocated items, eliminations and other	(32)	(177)
Total revenues	\$16,908	\$22,917
(Loss)/earnings from operations:		
Commercial Airplanes	(\$2,068)	\$1,173
Defense, Space & Security	(191)	852
Global Services	708	653
Boeing Capital	24	20
Segment operating (loss)/profit	(1,527)	2,698
Unallocated items, eliminations and other	(173)	(712)
FAS/CAS service cost adjustment	347	364
(Loss)/earnings from operations	(1,353)	2,350
Other income, net	112	106
Interest and debt expense	(262)	(123)
(Loss)/earnings before income taxes	(1,503)	2,333
Income tax benefit/(expense)	862	(184)
Net (loss)/earnings	(641)	2,149
Less: Net loss attributable to noncontrolling interest	(13)	
Net (loss)/earnings attributable to Boeing Shareholders	(\$628)	\$2,149

This information is an integral part of the Notes to the Condensed Consolidated Financial Statements. See Note 20 for further segment results.

The Boeing Company and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
(Dollars in millions, except otherwise stated)
(Unaudited)

Note 1 – Basis of Presentation

The condensed consolidated interim financial statements included in this report have been prepared by management of The Boeing Company (herein referred to as “Boeing”, the “Company”, “we”, “us”, or “our”). In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation are reflected in the interim financial statements. The results of operations for the period ended March 31, 2020 are not necessarily indicative of the operating results for the full year. The interim financial statements should be read in conjunction with the audited Consolidated Financial Statements, including the notes thereto, included in our 2019 Annual Report on Form 10-K. Certain amounts in prior periods have been adjusted to conform with the current year presentation.

Liquidity Matters

The global outbreak of COVID-19 coupled with the ongoing grounding of the 737 MAX airplane is having a significant adverse impact on our business and is expected to significantly reduce revenue, earnings and operating cash flow in future quarters. The aerospace industry is facing an unprecedented shock to demand for air travel which creates a tremendous challenge for our customers, our business and the entire aerospace manufacturing and services sector. We currently expect it will take 2-3 years for travel to return to 2019 levels and a few years beyond that for the industry to return to long-term trend growth. There is significant uncertainty with respect to when commercial air traffic levels will begin to recover, and whether and at what point capacity will return to and/or exceed pre-COVID-19 levels.

During the first quarter of 2020, net cash used by operating activities was \$4.3 billion and we expect negative operating cash flows in future quarters until deliveries resume and ramp up. At March 31, 2020, cash and short-term investments totaled \$15.5 billion. Our debt balance totaled \$38.9 billion at March 31, 2020 up from \$27.3 billion at December 31, 2019. The major credit rating agencies downgraded our short term and long term credit ratings during the first quarter of 2020 and there is risk for further downgrades. At March 31, 2020, debt includes \$4.7 billion of commercial paper down from \$6.1 billion at December 31, 2019. Commercial paper at March 31, 2020 includes \$2.3 billion, \$0.5 billion and \$1.9 billion maturing in the second, third and fourth quarter of 2020, respectively. In the current environment, we may have limited future access to the commercial paper market. In addition, we have term notes of \$350 million maturing in the fourth quarter of 2020. At March 31, 2020, trade payables included \$4.5 billion payable to suppliers who have elected to participate in supply chain financing programs compared with \$5.2 billion at December 31, 2019. In future quarters, access to supply chain financing could be curtailed if our credit ratings are further downgraded. At March 31, 2020 and December 31, 2019 we had \$9.6 billion of unused borrowing capacity on revolving credit agreements. We anticipate that these credit lines will primarily serve as back-up liquidity to support our general corporate borrowing needs. We plan to negotiate extending it in the fourth quarter of 2020 when \$3.2 billion of the \$9.6 billion comes up for renewal.

We are taking a number of actions to improve liquidity. We had paused our open market share repurchase program since last year, and in March 2020 our Board of Directors terminated its prior authorization to repurchase shares of the Company’s outstanding common stock. In March 2020, we also suspended the declaration and/or payment of dividends until further notice. We have also taken actions to reduce production rates in our commercial business to reflect the COVID-19 impact on the industry. We have furloughed certain employees and recently announced a voluntary employee layoff program which we plan to implement in the second quarter of 2020. We are also planning to further reduce our workforce by the end of this year through a combination of attrition and involuntary layoffs, as necessary. We are reducing discretionary spending as well as reducing or deferring research and development and capital expenditures. We are also working with our customers and supply chain to accelerate receipts and conserve cash. For example, the United States Department of Defense has taken steps to work with its industry partners to increase liquidity in the form of increased progress payment rates and reductions in withholds among other initiatives. We are also deferring certain tax payments pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Notwithstanding the actions described above to improve liquidity, we expect negative operating cash flows in 2020 and will need to obtain additional financing to fund our operations and obligations. The COVID-19 crisis is constraining the credit and capital markets and our ability to access credit markets may be reduced. We believe, based on an assessment of current market conditions, that there are sufficient sources of liquidity available to us that will enable us to fund our ongoing operations. Sources we are evaluating include funding options from the public and private markets, as well as from the U.S. government via the U.S. Treasury and various Federal Reserve programs. We currently plan to raise additional liquidity in the second quarter, which, together with other actions we are taking to improve liquidity, we expect will provide us with sufficient liquidity to fund our operations and obligations.

Based on our current best estimates of market demand, planned production rates, timing of cash receipts and expenditures, our ability to successfully implement actions to improve liquidity as well our ability to access additional liquidity, we believe it is probable that we will be able to fund our operations for the foreseeable future.

Standards Issued and Implemented

In the first quarter of 2020, we adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), using a modified retrospective method, which resulted in the recognition of allowances for credit losses on our Condensed Consolidated Statement of Financial Position as of January 1, 2020 and a \$162 cumulative-effect adjustment to retained earnings to align our credit loss methodology with the new standard. The standard replaces the incurred loss impairment methodology under Topic 310 with a methodology that reflects expected credit losses and requires the use of a forward-looking expected credit loss model for accounts receivables, loans, and certain other financial assets. See Note 6 and 9 for additional disclosures.

In the first quarter of 2020, we also adopted ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (ASU 2017-04). See Note 3 for additional disclosures.

Significant Accounting Policies - Update

Our significant accounting policies are described in "Note 1: Summary of Significant Accounting Policies" of our Annual Report on Form 10-K for the year ended December 31, 2019. Our updated significant accounting policies described below reflect the impact of adopting Topic 326.

Allowances for losses on certain financial assets

We establish allowances for credit losses on accounts receivable, unbilled receivables, customer financing receivables, and certain other financial assets. The adequacy of these allowances are assessed quarterly through consideration of factors including, but not limited to, customer credit ratings, bankruptcy filings, published or estimated credit default rates, age of the receivable, expected loss rates and collateral exposures. We assign internal credit ratings for all customers and determine the creditworthiness of each customer based upon publicly available information and information obtained directly from our customers. Our rating categories are comparable to those used by major credit rating agencies.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We believe that the accounting estimates and assumptions made by management are appropriate given the increased uncertainties surrounding the severity and duration of the impacts of the COVID-19 pandemic, however actual results could differ materially from those estimates.

Changes in estimated revenues, cost of sales and the related effect on operating income are recognized using a cumulative catch-up adjustment which recognizes in the current period the cumulative effect of the changes on current and prior periods based on a long-term contract's percentage-of-completion. When the

current estimates of total sales and costs for a long-term contract indicate a loss, a provision for the entire reach-forward loss on the long-term contract is recognized.

Net cumulative catch-up adjustments to prior years' revenue and earnings, including certain reach-forward losses, across all long-term contracts were as follows:

<i>(In millions - except per share amounts)</i>	Three months ended March 31	
	2020	2019
(Decrease)/increase to Revenue	(\$434)	\$160
(Decrease)/increase to (Loss)/earnings from operations	(\$839)	\$147
(Decrease)/increase to Diluted EPS	(\$0.63)	\$0.24

Note 2 – Acquisitions and Joint Ventures

Strategic Partnership with Embraer

During the first quarter of 2019, we entered into definitive transaction documents with respect to a strategic partnership with Embraer S.A. (Embraer). The partnership contemplated the establishment of joint ventures that included the commercial aircraft and services operations of Embraer, of which we were expected to acquire an 80 percent ownership stake for \$4,200, as well as a joint venture to promote and develop new markets for the C-390 Millennium.

The transaction documents permitted either party to terminate the proposed partnership beginning on April 24, 2020, provided that certain closing conditions were not met. Based on Embraer's failure to satisfy required closing conditions, Boeing has exercised its contractual termination right. We would have been required to pay a termination fee of \$100 had the transaction been terminated due to a failure to obtain antitrust approvals. Because the transaction was terminated due to a failure by Embraer to meet other closing conditions, we do not expect to be required to pay a termination fee in connection with the termination of the transaction. Boeing and Embraer will arbitrate their dispute over Boeing's termination of the agreement.

Note 3 – Goodwill and Acquired Intangibles

In the first quarter of 2020, we also adopted ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The standard simplifies the quantitative impairment test from a two-step process to a one-step process. The quantitative test is performed by comparing the carrying value of net assets to the estimated fair value of the related operations. If the fair value is determined to be less than carrying value, the shortfall up to the carrying value of the goodwill represents the amount of goodwill impairment. The standard continues to permit a company to test goodwill for impairment by performing a qualitative assessment or using the quantitative test.

The COVID-19 pandemic was a triggering event for testing whether goodwill recorded by our Commercial Airplanes and Commercial Services reporting units is impaired. At March 31, 2020, Commercial Airplanes has \$1,313 of goodwill and Commercial Services has \$3,052. We performed a qualitative assessment and determined it is not more likely than not that the fair values of our Commercial Airplane and Commercial Services reporting units were less than their carrying values as of March 31, 2020. We will continue to monitor the impacts of the COVID-19 pandemic in future quarters. Changes in our forecasts or further decreases in the value of our common stock could cause book values to exceed fair values which may result in goodwill impairment charges in future periods.

Note 4 – Earnings Per Share

Basic and diluted earnings per share are computed using the two-class method, which is an earnings allocation method that determines earnings per share for common shares and participating securities. The undistributed earnings are allocated between common shares and participating securities as if all earnings

had been distributed during the period. Participating securities and common shares have equal rights to undistributed earnings.

Basic earnings per share is calculated by taking net earnings, less earnings available to participating securities, divided by the basic weighted average common shares outstanding.

Diluted earnings per share is calculated by taking net earnings, less earnings available to participating securities, divided by the diluted weighted average common shares outstanding.

The elements used in the computation of basic and diluted earnings per share were as follows:

<i>(In millions - except per share amounts)</i>	Three months ended March 31	
	2020	2019
Net (loss)/earnings attributable to Boeing Shareholders	(\$628)	\$2,149
Less: earnings available to participating securities		2
Net (loss)/earnings available to common shareholders	(\$628)	\$2,147
Basic		
Basic weighted average shares outstanding	565.9	567.7
Less: participating securities	0.5	0.6
Basic weighted average common shares outstanding	565.4	567.1
Diluted		
Basic weighted average shares outstanding	565.9	567.7
Dilutive potential common shares ⁽¹⁾		4.7
Diluted weighted average shares outstanding	565.9	572.4
Less: participating securities	0.5	0.6
Diluted weighted average common shares outstanding	565.4	571.8
Net (loss)/earnings per share:		
Basic	(\$1.11)	\$3.79
Diluted	(1.11)	3.75

⁽¹⁾ Diluted earnings per share includes any dilutive impact of stock options, restricted stock units, performance-based restricted stock units and performance awards.

As a result of incurring a net loss for the three months ended March 31, 2020, potential common shares of 2.3 million were excluded from diluted loss per share because the effect would have been antidilutive. In addition, the following table includes the number of shares that may be dilutive potential common shares in the future. These shares were not included in the computation of diluted (loss)/earnings per share because the effect was either antidilutive or the performance condition was not met.

<i>(Shares in millions)</i>	Three months ended March 31	
	2020	2019
Performance awards	6.7	2.6
Performance-based restricted stock units	1.4	0.5

Note 5 – Income Taxes

Our effective income tax rates were 57.4% and 7.9% for the three months ended March 31, 2020 and 2019. The 2020 tax rate includes tax benefits from the CARES Act enacted on March 27, 2020 due to the Act's five year net operating loss carry back provision while the 2019 tax rate reflects tax benefits associated with intangible income derived from serving non-U.S. markets. The carry back provisions enable us to benefit from certain losses and re-measure certain deferred tax assets and liabilities at the former federal tax rate of 35%. The tax rates in 2020 and 2019 also reflect research and development tax credits and excess tax benefits related to share-based payments.

Federal income tax audits have been settled for all years prior to 2015. The Internal Revenue Service (IRS) began the 2015-2017 federal tax audit in the first quarter of 2019. We are also subject to examination in major state and international jurisdictions for the 2007-2018 tax years. We believe appropriate provisions for all outstanding tax issues have been made for all jurisdictions and all open years.

Audit outcomes and the timing of audit settlements are subject to significant uncertainty. It is reasonably possible that within the next 12 months unrecognized tax benefits related to federal matters under audit may decrease by up to \$705 based on current estimates.

Note 6 - Allowances for Losses on Financial Assets

Upon adoption of ASU 2016-13, we recorded a \$162 cumulative-effect adjustment to retained earnings to increase our allowances for credit losses, resulting in a balance of \$337 as of January 1, 2020. The change in allowances for expected credit losses for the three months ended March 31, 2020 consisted of the following:

	Accounts receivable, net	Unbilled receivables, net	Other Current Assets, net	Customer financing, net	Other Assets, net	Total
Balance at January 1, 2020	(\$138)	(\$81)	(\$38)	(\$5)	(\$75)	(\$337)
Changes in estimates	(29)	1	(10)			(38)
Write-offs	1					1
Balance at March 31, 2020	(\$166)	(\$80)	(\$48)	(\$5)	(\$75)	(\$374)

Note 7 – Inventories

Inventories consisted of the following:

	March 31 2020	December 31 2019
Long-term contracts in progress	\$990	\$1,187
Commercial aircraft programs	68,719	66,016
Commercial spare parts, used aircraft, general stock materials and other	10,311	9,419
Total	\$80,020	\$76,622

Long-Term Contracts in Progress

Long-term contracts in progress includes Delta launch program inventory that is being sold at cost to United Launch Alliance (ULA) under an inventory supply agreement that terminates on March 31, 2021. The inventory balance was \$176 at March 31, 2020 and December 31, 2019. See indemnifications to ULA in Note 12.

Included in inventories are capitalized precontract costs of \$751 at March 31, 2020 and \$711 at December 31, 2019 primarily related to the KC-46A Tanker and Commercial Crew. See Note 11.

Commercial Aircraft Programs

At March 31, 2020 and December 31, 2019, commercial aircraft programs inventory included \$809 and \$1,313 of deferred production costs and \$556 and \$521 of unamortized tooling and other non-recurring costs related to the 737 program. At March 31, 2020, \$1,359 of 737 deferred production costs, unamortized tooling and other non-recurring costs are expected to be recovered from units included in the program accounting quantity that have firm orders and \$6 is expected to be recovered from units included in the program accounting quantity that represent expected future orders.

At March 31, 2020 and December 31, 2019, commercial aircraft programs inventory included the following amounts related to the 777X program: \$6,292 and \$5,628 of work in process and \$3,053 and \$2,914 of unamortized tooling and other non-recurring costs.

At March 31, 2020 and December 31, 2019, commercial aircraft programs inventory included the following amounts related to the 787 program: \$25,326 and \$24,772 of work in process (including deferred production costs of \$16,841 and \$18,716), \$2,067 and \$2,202 of supplier advances, and \$1,949 and \$2,092 of unamortized tooling and other non-recurring costs. At March 31, 2020, \$16,000 of 787 deferred production costs, unamortized tooling and other non-recurring costs are expected to be recovered from units included in the program accounting quantity that have firm orders and \$2,790 is expected to be recovered from units included in the program accounting quantity that represent expected future orders.

Commercial aircraft programs inventory included amounts credited in cash or other consideration (early issue sales consideration) to airline customers totaling \$2,993 and \$2,863 at March 31, 2020 and December 31, 2019.

Note 8 – Contracts with Customers

Unbilled receivables increased from \$9,043 at December 31, 2019 to \$9,365 at March 31, 2020, primarily driven by revenue recognized at Defense, Space & Security (BDS) and Global Services (BGS) in excess of billings.

Advances and progress billings increased from \$51,551 at December 31, 2019 to \$52,883 at March 31, 2020, primarily driven by advances on orders received in excess of revenue recognized at Commercial Airplanes (BCA), BDS and BGS.

Revenues recognized during the three months ended March 31, 2020 and 2019 from amounts recorded as Advances and progress billings at the beginning of each year were \$3,790 and \$5,897.

Certain commercial airplane customers are experiencing liquidity issues and seeking additional capital given the negative effect of COVID-19 on the commercial airline industry. Should these customers fail to address their liquidity issues, accounts receivable, unbilled receivables and certain inventory could become impaired. In addition, we would have to remove contracts related to these customers from backlog and remarket any undelivered aircraft.

Note 9 – Customer Financing

Customer financing primarily relates to the Boeing Capital (BCC) segment and consisted of the following:

	March 31 2020	December 31 2019
Financing receivables:		
Investment in sales-type/finance leases	\$1,002	\$1,029
Notes	452	443
Total financing receivables	1,454	1,472
Operating lease equipment, at cost, less accumulated depreciation of \$231 and \$235	816	834
Gross customer financing	2,270	2,306
Less allowance for losses on receivables	(5)	(8)
Total	\$2,265	\$2,298

We acquire aircraft to be leased to customers through trades, lease returns, purchases in the secondary market, and new aircraft transferred from our Commercial Airplanes segment. Leasing arrangements typically range in terms from 1 to 12 years and may include options to extend or terminate the lease. Certain leases include provisions to allow the lessee to purchase the underlying aircraft at a specified price. A minority of leases contain variable lease payments based on actual aircraft usage and are paid in arrears.

We determine a receivable is impaired when, based on current information and events, it is probable that we will be unable to collect amounts due according to the original contractual terms. At March 31, 2020 and December 31, 2019, we individually evaluated for impairment customer financing receivables of \$412 and \$400, of which \$399 and \$388 were determined to be impaired. We recorded no allowance for losses on these impaired receivables as the collateral values exceeded the carrying values of the receivables.

We determine a receivable is past due when cash has not been received upon the due date specified in the contract. Customer financing receivables past due as of March 31, 2020 is \$18.

We evaluate the collectability of customer financing receivables at commencement and on a recurring basis. If a customer financing receivable is deemed uncollectable, the customer is categorized as non-accrual status. When a customer is in non-accrual status at commencement, revenue is deferred until substantially all cash has been received or the customer is removed from non-accrual status. If a customer status changes to non-accrual after commencement and sufficient collateral is available, we recognize contractual interest income as payments are received to the extent payments exceed past due principal payments. If there is not sufficient collateral, then revenue is not recognized until payments exceed the principal balance. Receivables in non-accrual status as of March 31, 2020 and December 31, 2019 were \$399 and \$388. Interest income received as of March 31, 2020 was insignificant.

The adequacy of the allowance for losses is assessed quarterly. Four primary factors influencing the level of our allowance for losses on customer financing receivables are customer credit ratings, default rates, expected loss rate and collateral values, which may be adversely affected by impacts that COVID-19 has on our customers. We assign internal credit ratings for all customers and determine the creditworthiness of each customer based upon publicly available information and information obtained directly from our customers. Our rating categories are comparable to those used by the major credit rating agencies.

Our financing receivable balances at March 31, 2020 by internal credit rating category and year of origination consisted of the following:

Rating categories	Current	2019	2018	2017	2016	Prior	Total
BBB						\$449	\$449
BB	\$33	\$53	\$17			156	259
B		38		\$106		188	332
CCC		1		205	\$194	14	414
Total carrying value of financing receivables	\$33	\$92	\$17	\$311	\$194	\$807	\$1,454

At March 31, 2020, our allowance related to receivables with ratings of B, BB, and BBB. We applied default rates that averaged 13.9%, 3.2%, and 0.3%, respectively, to the exposure associated with those receivables.

Customer Financing Exposure

Customer financing is collateralized by security in the related asset. The value of the collateral is closely tied to commercial airline performance and overall market conditions and may be subject to reduced valuation with market decline. Collateral values may be adversely impacted by COVID-19. Declines in collateral values could result in asset impairments, reduced finance lease income, and an increase in the allowance for losses. Our customer financing collateral is concentrated in out-of-production aircraft and 747-8 aircraft. Generally, out-of-production aircraft have experienced greater collateral value declines than in-production aircraft.

The majority of customer financing carrying values are concentrated in the following aircraft models:

	March 31 2020	December 31 2019
717 Aircraft (\$118 and \$124 accounted for as operating leases)	\$708	\$736
747-8 Aircraft (\$130 and \$130 accounted for as operating leases)	489	475
737 Aircraft (\$236 and \$240 accounted for as operating leases)	258	263
777 Aircraft (\$233 and \$236 accounted for as operating leases)	235	240
MD-80 Aircraft (accounted for as sales-type finance leases)	188	186
757 Aircraft (\$21 and \$22 accounted for as operating leases)	177	182
747-400 Aircraft (\$29 and \$31 accounted for as operating leases)	84	90

Lease income recorded in Revenue on the Condensed Consolidated Statements of Operations for the three months ended March 31, 2020 and 2019 included \$15 and \$16 from sales-type/finance leases, and \$31 and \$36 from operating leases, of which \$1 and \$3 related to variable operating lease payments.

Note 10 – Investments

Our investments, which are recorded in Short-term and other investments or Investments, consisted of the following:

	March 31 2020	December 31 2019
Equity method investments ⁽¹⁾	\$1,062	\$1,031
Time deposits	173	50
Available for sale debt instruments	226	405
Equity and other investments	67	65
Restricted cash & cash equivalents ⁽²⁾	84	86
Total	\$1,612	\$1,637

⁽¹⁾ Dividends received were \$33 and \$63 for the three months ended March 31, 2020 and 2019.

⁽²⁾ Reflects amounts restricted in support of our workers' compensation programs, employee benefit programs, and insurance premiums.

Allowance for losses on available for sale debt instruments are assessed quarterly. All instruments are considered investment grade and, as such, we have not recognized an allowance for credit losses as of March 31, 2020.

Note 11 – Commitments and Contingencies**737 MAX Grounding**

On March 13, 2019, the Federal Aviation Administration (FAA) issued an order to suspend operations of all 737 MAX aircraft in the U.S. and by U.S. aircraft operators following two fatal 737 MAX accidents. Non-U.S. civil aviation authorities have issued directives to the same effect. Deliveries of the 737 MAX have been suspended until clearance is granted by the appropriate regulatory authorities. In addition, multiple legal actions have been filed against us as a result of the accidents. We also are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX program, including investigations by the U.S. Department of Justice and the Securities and Exchange Commission, the outcome of which may be material. We cannot reasonably estimate a range of loss, if any, not covered by available insurance that may result given the current status of the lawsuits, investigations and inquiries related to the 737 MAX.

We have developed software and pilot training updates for the 737 MAX and continue to work with the FAA and non-U.S. civil aviation authorities to complete remaining steps toward certification and readiness for return to service including addressing their questions on the software updates and how pilots will interact with the airplane controls and displays in different flight scenarios. As we complete rigorous software reviews and thorough testing procedures, we have identified and are now implementing additional updates to further improve overall system safety. We have assumed that computer and simulator training will be required and as a result, we have provisioned for certain training costs.

Prior to the grounding, the 737 production rate was 52 per month, and we had planned to increase the rate to 57 per month during 2019. Beginning in the second quarter of 2019, we reduced the production rate to 42 per month. We continued to produce at a rate of 42 per month through December 2019. We temporarily suspended 737 MAX production beginning in January 2020. During the first quarter of 2020, we completed airplanes that were already in process at the end of the fourth quarter of 2019 and have approximately 450 airplanes in inventory as of March 31, 2020.

In March 2020, we announced a temporary suspension of production operations in the Puget Sound area as a result of the COVID-19 crisis. Production operations resumed during the week of April 20, 2020 and the 737 team resumed working toward restarting production. We expect COVID-19 to reduce demand and have lowered production and delivery rate assumptions as described below.

We have assumed that we will resume 737 MAX aircraft production during the second quarter of 2020 as timing and conditions of return to service and COVID-19 impacts are better understood. We expect to gradually increase the production rate to 31 during 2021 and expect further gradual increases to correspond with market demand. We have assumed that the timing of regulatory approvals will enable 737 MAX deliveries to resume during the third quarter of 2020. We have also assumed that the majority of 737 MAX airplanes produced during the grounding and included within inventory will be delivered during the first year after the resumption of deliveries, although at a slower pace than our previous assumptions due to COVID-19. The slower production and delivery rate ramp-ups reflect commercial airline industry uncertainty due to the impact of COVID-19.

During 2019, the cumulative impacts of changes to assumptions regarding timing of return to service and timing of planned production rates and deliveries increased the estimated costs to produce and deliver the 3,100 undelivered aircraft then included in the accounting quantity by approximately \$6.3 billion. These costs will result in lower 737 margins in future periods after deliveries resume. There were no significant changes to these estimates related to MAX regulatory approvals assumptions in 2020.

During the first quarter of 2020, we reduced the number of aircraft included in the accounting quantity by 400 units as a result of reductions to planned production rates due to COVID-19 driven market uncertainties. The COVID-19 related reductions to planned production rates will result in additional costs to produce and deliver undelivered aircraft and will further reduce margins after deliveries resume. In addition, abnormally low production rates will extend for a longer period once production resumes due to COVID-19 impacts and is expected to result in approximately \$1 billion of additional abnormal production costs that will be expensed as incurred. During the first quarter of 2020, we expensed \$797 of the approximately \$5 billion of abnormal production costs we now expect to incur over approximately two years.

We have also recorded additional expenses of \$61 as a result of the 737 MAX grounding in the first quarter of 2020. These expenses include costs related to storage, pilot training and software updates.

The following table summarizes changes in the 737 MAX customer concessions and other considerations liability during 2020.

	2020
Beginning balance – January 1	\$7,389
Reductions for payments made	(671)
Reductions for concessions and other in-kind considerations	(2)
Changes in estimates	(30)
Ending balance – March 31	\$6,686

We are working with our customers to minimize the impact to their operations from grounded and undelivered aircraft. We continue to reassess the liability for estimated potential concessions and other considerations to customers on a quarterly basis. This reassessment includes updating estimates to reflect revisions to return to service, delivery and production rate assumptions driven by timing of regulatory approvals, as well as latest information based on engagements with 737 MAX customers. The liability represents our current best estimate of future concessions and other considerations to customers, and is necessarily based on a series of assumptions.

The FAA and other non-U.S. civil aviation authorities will determine the timing and conditions of return to service. Our assumptions reflect our current best estimate, but actual timing and conditions of return to service and resumption of deliveries could differ from this estimate, the effect of which could be material. We are unable at this time to reasonably estimate potential future additional financial impacts or a range of loss, if any, due to continued uncertainties related to the timing and conditions of return to service, uncertainties related to the impacts of COVID-19 on our operations, supply chain and customers, future changes to the production rate, supply chain impacts, and/or the results of negotiations with particular customers. Any such impacts, including any changes in our estimates, could have a material adverse effect on our financial position, results of operations, and/or cash flows. For example, we expect that, in the event that we are unable to resume aircraft deliveries consistent with our assumptions, the continued absence of revenue,

earnings, and cash flows associated with 737 MAX deliveries would continue to have a material impact on our operating results. In the event that future production rate increases occur at a slower rate or take longer than we are currently assuming, we expect that the growth in inventory and other cash flow impacts associated with production would decrease. However, while any prolonged production suspension or delays in planned production rate increases could mitigate the impact on our liquidity, it could significantly increase the overall expected costs to produce aircraft included in the accounting quantity, which would reduce 737 program margins and/or increase abnormal production costs in the future.

Environmental

The following table summarizes environmental remediation activity during the three months ended March 31, 2020 and 2019.

	2020	2019
Beginning balance – January 1	\$570	\$555
Reductions for payments made	(9)	(11)
Changes in estimates	7	4
Ending balance – March 31	\$568	\$548

The liabilities recorded represent our best estimate or the low end of a range of reasonably possible costs expected to be incurred to remediate sites, including operation and maintenance over periods of up to 30 years. It is reasonably possible that we may incur charges that exceed these recorded amounts because of regulatory agency orders and directives, changes in laws and/or regulations, higher than expected costs and/or the discovery of new or additional contamination. As part of our estimating process, we develop a range of reasonably possible alternate scenarios that includes the high end of a range of reasonably possible cost estimates for all remediation sites for which we have sufficient information based on our experience and existing laws and regulations. There are some potential remediation obligations where the costs of remediation cannot be reasonably estimated. At March 31, 2020 and December 31, 2019, the high end of the estimated range of reasonably possible remediation costs exceeded our recorded liabilities by \$1,077.

Product Warranties

The following table summarizes product warranty activity recorded during the three months ended March 31, 2020 and 2019.

	2020	2019
Beginning balance – January 1	\$1,267	\$1,127
Additions for current year deliveries	23	50
Reductions for payments made	(82)	(8)
Changes in estimates	341	(60)
Ending balance – March 31	\$1,549	\$1,109

The increase in the product warranty reserve during the three months ended March 31, 2020 is primarily driven by charges related to “pickle forks”. During 2019, we detected cracks in the “pickle forks”, a frame fitting component of the structure connecting the wings to the fuselages of 737NG aircraft. We notified the FAA, which issued a directive requiring that certain 737NG airplanes be inspected. We have estimated the number of aircraft that will have to be repaired in the future and provisioned for the estimated costs of completing the repairs. We recognized charges of \$135 in 2019 for current and projected future aircraft repairs. During the first quarter of 2020, we recognized additional charges of \$336 based on revised engineering and fleet utilization estimates as well as updated repair cost estimates. We cannot estimate a range of reasonably possible losses, if any, in excess of amounts recognized due to the ongoing nature of the inspections and repairs and pending the completion of investigations into the cause of the condition.

Commercial Aircraft Commitments

In conjunction with signing definitive agreements for the sale of new aircraft (Sale Aircraft), we have entered into trade-in commitments with certain customers that give them the right to trade in used aircraft at a specified price upon the purchase of Sale Aircraft. The probability that trade-in commitments will be exercised is determined by using both quantitative information from valuation sources and qualitative information from other sources. The probability of exercise is assessed quarterly, or as events trigger a change, and takes into consideration the current economic and airline industry environments. Trade-in commitments, which can be terminated by mutual consent with the customer, may be exercised only during the period specified in the agreement, and require advance notice by the customer.

Trade-in commitment agreements at March 31, 2020 have expiration dates from 2020 through 2026. At March 31, 2020 and December 31, 2019 total contractual trade-in commitments were \$1,230 and \$1,407. As of March 31, 2020 and December 31, 2019, we estimated that it was probable we would be obligated to perform on certain of these commitments with net amounts payable to customers totaling \$673 and \$711 and the fair value of the related trade-in aircraft was \$639 and \$678.

Financing Commitments

Financing commitments related to aircraft on order, including options and those proposed in sales campaigns, and refinancing of delivered aircraft, totaled \$13,176 and \$13,377 as of March 31, 2020 and December 31, 2019. The estimated earliest potential funding dates for these commitments as of March 31, 2020 are as follows:

	Total
April through December 2020	\$3,366
2021	2,737
2022	852
2023	1,951
2024	1,174
Thereafter	3,096
	\$13,176

As of March 31, 2020, all of these financing commitments relate to customers we believe have less than investment-grade credit. We have concluded that no reserve for future potential losses is required for these financing commitments based upon the terms, such as collateralization and interest rates, under which funding would be provided.

Funding Commitments

We have commitments to make additional capital contributions of \$243 to joint ventures over the next seven years.

Standby Letters of Credit and Surety Bonds

We have entered into standby letters of credit and surety bonds with financial institutions primarily relating to the guarantee of our future performance on certain contracts. Contingent liabilities on outstanding letters of credit agreements and surety bonds aggregated approximately \$4,092 and \$3,769 as of March 31, 2020 and December 31, 2019.

United States Government Defense Environment Overview

The Bipartisan Budget Act of 2019 raised the Budget Control Act limits on federal discretionary defense and non-defense spending for fiscal years 2020 and 2021 (FY20 and FY21), reducing budget uncertainty and the risk of sequestration. The consolidated appropriations acts for FY20, enacted in December 2019, provided FY20 appropriations for government departments and agencies, including the United States Department of

Defense (U.S. DoD), the National Aeronautics and Space Administration (NASA) and the FAA. In February 2020, the U.S. administration submitted its request for \$740.5 billion in base national defense spending for FY21, congruent with the amended spending limit.

The enacted FY20 appropriations included funding for Boeing's major programs, such as the F/A-18 Super Hornet, F-15EX, CH-47 Chinook, AH-64 Apache, V-22 Osprey, KC-46A Tanker, P-8 Poseidon and Space Launch System. However, there continues to be uncertainty with respect to future program-level appropriations for the U.S. DoD and other government agencies, including NASA. Future budget cuts or investment priority changes, including changes associated with the authorizations and appropriations process, could result in reductions, cancellations and/or delays of existing contracts or programs. Any of these impacts could have a material effect on our results of operations, financial position and/or cash flows.

BDS Fixed-Price Development Contracts

Fixed-price development work is inherently uncertain and subject to significant variability in estimates of the cost and time required to complete the work. BDS fixed-price contracts with significant development work include Commercial Crew, KC-46A Tanker, T-7A Red Hawk, VC-25B, MQ-25, and commercial and military satellites. The operational and technical complexities of these contracts create financial risk, which could trigger termination provisions, order cancellations or other financially significant exposure. Changes to cost and revenue estimates could result in lower margins or material charges for reach-forward losses. For example, we have recorded a reach-forward loss of \$827 on KC-46A Tanker in the first quarter of 2020. The KC-46A Tanker reach-forward loss reflects \$551 of costs associated with the agreement signed in April 2020 with the U.S. Air Force to develop and integrate a new Remote Vision System, and the remaining costs reflect productivity inefficiencies and COVID-19 related factory disruption. Moreover, our fixed-price development programs remain subject to additional reach-forward losses if we experience further production, technical or quality issues, schedule delays, or increased costs.

KC-46A Tanker

In 2011, we were awarded a contract from the U.S. Air Force (USAF) to design, develop, manufacture and deliver four next generation aerial refueling tankers. This Engineering, Manufacturing and Development (EMD) contract is a fixed-price incentive fee contract and involves highly complex designs and systems integration. Since 2016, the USAF has authorized five low rate initial production (LRIP) lots for a total of 67 aircraft. The EMD contract and authorized LRIP lots are valued at approximately \$15 billion.

At March 31, 2020, we had approximately \$338 of capitalized precontract costs and \$373 of potential termination liabilities to suppliers.

Recoverable Costs on Government Contracts

Our final incurred costs for each year are subject to audit and review for allowability by the U.S. government, which can result in payment demands related to costs they believe should be disallowed. We work with the U.S. government to assess the merits of claims and where appropriate reserve for amounts disputed. If we are unable to satisfactorily resolve disputed costs, we could be required to record an earnings charge and/or provide refunds to the U.S. government.

Note 12 – Arrangements with Off-Balance Sheet Risk

We enter into arrangements with off-balance sheet risk in the normal course of business, primarily in the form of guarantees.

The following table provides quantitative data regarding our third party guarantees. The maximum potential payments represent a “worst-case scenario,” and do not necessarily reflect amounts that we expect to pay. Estimated proceeds from collateral and recourse represent the anticipated values of assets we could liquidate or receive from other parties to offset our payments under guarantees. The carrying amount of liabilities represents the amount included in Accrued liabilities.

	Maximum Potential Payments		Estimated Proceeds from Collateral/Recourse		Carrying Amount of Liabilities	
	March 31 2020	December 31 2019	March 31 2020	December 31 2019	March 31 2020	December 31 2019
Contingent repurchase commitments	\$1,570	\$1,570	\$1,570	\$1,570		
Indemnifications to ULA:						
Contributed Delta inventory	30	30				
Inventory supply agreement	34	34				
Questioned costs		317				\$48
Credit guarantees	478	92	33	36	\$23	16

Contingent Repurchase Commitments The repurchase price specified in contingent repurchase commitments is generally lower than the expected fair value at the specified repurchase date. Estimated proceeds from collateral/recourse in the table above represent the lower of the contracted repurchase price or the expected fair value of each aircraft at the specified repurchase date.

Indemnifications to ULA During the first quarter of 2020, the USAF and ULA reached a settlement regarding previously questioned deferred support and deferred production costs. As part of the settlement the USAF agreed to reimburse ULA for \$307 of those costs. The settlement substantially retires our indemnification risks to ULA.

Other Indemnifications In conjunction with our sales of Electron Dynamic Devices, Inc. and Rocketdyne Propulsion and Power businesses and our BCA facilities in Wichita, Kansas and Tulsa and McAlester, Oklahoma, we agreed to indemnify, for an indefinite period, the buyers for costs relating to pre-closing environmental conditions and certain other items. We are unable to assess the potential number of future claims that may be asserted under these indemnifications, nor the amounts thereof (if any). As a result, we cannot estimate the maximum potential amount of future payments under these indemnities and therefore, no liability has been recorded. To the extent that claims have been made under these indemnities and/or are probable and reasonably estimable, liabilities associated with these indemnities are included in the environmental liability disclosure in Note 11.

Credit Guarantees We have issued credit guarantees where we are obligated to make payments to a guaranteed party in the event that the original lessee or debtor does not make payments or perform certain specified services. Generally, these guarantees have been extended on behalf of guaranteed parties with less than investment-grade credit, some of which are collateralized by certain assets. We record a liability for the fair value of guarantees and the expected contingent loss amount, which is reviewed quarterly. Current outstanding credit guarantees expire through 2036.

Note 13 – Debt

In the first quarter of 2020, we entered into a \$13,825, two-year delayed draw term loan credit agreement (delayed draw term loan facility), which includes additional commitments made subsequent to the initial closing date. As of March 31, 2020, we have fully drawn on the \$13,825 delayed draw term loan facility, with February 6, 2022 as the final maturity date. Borrowings outstanding bear interest at the Eurodollar rate (determined in accordance with the delayed draw term loan facility agreement) plus between 0.75% and 1.25%, depending on our credit rating.

Note 14 – Postretirement Plans

The components of net periodic benefit (income)/cost for the three months ended March 31 were as follows:

	Pension		Postretirement	
	2020	2019	2020	2019
Service cost		\$1	\$21	\$19
Interest cost	\$614	731	36	49
Expected return on plan assets	(939)	(965)	(2)	(2)
Amortization of prior service credits	(20)	(20)	(9)	(9)
Recognized net actuarial loss/(gain)	258	161	(12)	(11)
Net periodic benefit (income)/cost	(\$87)	(\$92)	\$34	\$46
Net periodic benefit cost included in (Loss)/earnings from operations		\$78	\$21	\$22
Net periodic benefit (income)/cost included in Other income, net	(\$87)	(93)	13	27
Net periodic benefit (income)/cost included in (Loss)/earnings before income taxes	(\$87)	(\$15)	\$34	\$49

Note 15 – Share-Based Compensation and Other Compensation Arrangements**Restricted Stock Units**

On February 24, 2020, we granted to our executives 325,108 restricted stock units (RSUs) as part of our long-term incentive program with a grant date fair value of \$319.04 per unit. The RSUs granted under this program will vest and settle in common stock (on a one-for-one basis) on the third anniversary of the grant date.

Performance-Based Restricted Stock Units

On February 24, 2020, we granted to our executives 290,202 performance-based restricted stock units (PBRsUs) as part of our long-term incentive program with a grant date fair value of \$357.38 per unit. Compensation expense for the award is recognized over the three-year performance period based upon the grant date fair value estimated using a Monte-Carlo simulation model. The model used the following assumptions: expected volatility of 27.04% based upon historical stock volatility, a risk-free interest rate of 1.21%, and no expected dividend yield because the units earn dividend equivalents.

Performance Awards

On February 28, 2020, we granted to our executives performance awards as part of our long-term incentive program with a payout based on the achievement of financial goals for the three-year period ending December 31, 2022. At March 31, 2020, the minimum payout amount is \$0 and the maximum amount we could be required to pay out is \$311.

Note 16 – Shareholders' Equity

Accumulated Other Comprehensive Loss

Changes in Accumulated other comprehensive loss (AOCI) by component for the three months ended March 31, 2020 and 2019 were as follows:

	Currency Translation Adjustments	Unrealized Gains and Losses on Certain Investments	Unrealized Gains and Losses on Derivative Instruments	Defined Benefit Pension Plans & Other Postretirement Benefits	Total ⁽¹⁾
Balance at January 1, 2019	(\$101)		(\$62)	(\$14,920)	(\$15,083)
Other comprehensive (loss)/income before reclassifications	1	1	11	8	21
Amounts reclassified from AOCI			(2)	95 ⁽²⁾	93
Net current period Other comprehensive (loss)/income	1	1	9	103	114
Balance at March 31, 2019	(\$100)	\$1	(\$53)	(\$14,817)	(\$14,969)
Balance at January 1, 2020	(\$128)	\$1	(\$84)	(\$15,942)	(\$16,153)
Other comprehensive (loss)/income before reclassifications	(77)		(275)		(352)
Amounts reclassified from AOCI			2	170 ⁽²⁾	172
Net current period Other comprehensive (loss)/income	(77)		(273)	170	(180)
Balance at March 31, 2020	(\$205)	\$1	(\$357)	(\$15,772)	(\$16,333)

⁽¹⁾ Net of tax.

⁽²⁾ Primarily relates to amortization of actuarial losses for the three months ended March 31, 2020 and 2019 totaling \$193 and \$118 (net of tax of (\$53) and (\$32)). These are included in the net periodic pension cost.

Note 17 – Derivative Financial Instruments

Cash Flow Hedges

Our cash flow hedges include foreign currency forward contracts, commodity swaps and commodity purchase contracts. We use foreign currency forward contracts to manage currency risk associated with certain transactions, specifically forecasted sales and purchases made in foreign currencies. Our foreign currency contracts hedge forecasted transactions through 2025. We use commodity derivatives, such as fixed-price purchase commitments and swaps to hedge against potentially unfavorable price changes for items used in production. Our commodity contracts hedge forecasted transactions through 2023.

Derivative Instruments Not Receiving Hedge Accounting Treatment

We have entered into agreements to purchase and sell aluminum to address long-term strategic sourcing objectives and non-U.S. business requirements. These agreements are derivative instruments for accounting purposes. The quantities of aluminum in these agreements offset and are priced at prevailing market prices. We also hold certain foreign currency forward contracts which do not qualify for hedge accounting treatment.

Notional Amounts and Fair Values

The notional amounts and fair values of derivative instruments in the Condensed Consolidated Statements of Financial Position were as follows:

	Notional amounts ⁽¹⁾		Other assets		Accrued liabilities	
	March 31 2020	December 31 2019	March 31 2020	December 31 2019	March 31 2020	December 31 2019
Derivatives designated as hedging instruments:						
Foreign exchange contracts	\$3,399	\$2,590	\$5	\$29	(\$285)	(\$60)
Commodity contracts	503	645	2	4	(163)	(72)
Derivatives not receiving hedge accounting treatment:						
Foreign exchange contracts	181	285	4	1	(2)	(6)
Commodity contracts	583	1,644				
Total derivatives	\$4,666	\$5,164	\$11	\$34	(\$450)	(\$138)
Netting arrangements			(9)	(20)	9	20
Net recorded balance			\$2	\$14	(\$441)	(\$118)

⁽¹⁾ Notional amounts represent the gross contract/notional amount of the derivatives outstanding.

Gains/(losses) associated with our hedging transactions and forward points recognized in Other comprehensive income are presented in the following table:

	Three months ended March 31	
	2020	2019
Recognized in Other comprehensive income, net of taxes:		
Foreign exchange contracts	(\$197)	\$22
Commodity contracts	(78)	(11)

Gains/(losses) associated with our hedging transactions and forward points reclassified from AOCI to earnings are presented in the following table:

	Three months ended March 31	
	2020	2019
Foreign exchange contracts		
Revenues	(\$1)	\$5
Costs and expenses	(1)	(5)
General and administrative		1
Commodity contracts		
Costs and expenses	(1)	1
General and administrative expense		1

Gains related to undesignated derivatives on foreign exchange cash flow hedging transactions recognized in Other income, net were \$5 and \$2 for the three months ended March 31, 2020 and 2019.

Based on our portfolio of cash flow hedges, we expect to reclassify losses of \$42 (pre-tax) out of Accumulated other comprehensive loss into earnings during the next 12 months.

We have derivative instruments with credit-risk-related contingent features. For foreign exchange contracts with original maturities of at least five years, our derivative counterparties could require settlement if we default on our five-year credit facility. For certain commodity contracts, our counterparties could require collateral posted in an amount determined by our credit ratings. The fair value of foreign exchange and commodity contracts that have credit-risk-related contingent features that are in a net liability position at March 31, 2020 was \$111. At March 31, 2020, there was no collateral posted related to our derivatives.

Note 18 – Fair Value Measurements

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs and Level 3 includes fair values estimated using significant unobservable inputs. The following table presents our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	March 31, 2020			December 31, 2019		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Assets						
Money market funds	\$3,658	\$3,658		\$2,562	\$2,562	
Available-for-sale debt investments:						
Commercial paper	67		\$67	108		\$108
Corporate notes	159		159	242		242
U.S. government agencies				55	55	
Other equity investments	35	35		33	33	
Derivatives	2		2	14		14
Total assets	\$3,921	\$3,693	\$228	\$3,014	\$2,650	\$364
Liabilities						
Derivatives	(\$441)		(\$441)	(\$118)		(\$118)
Total liabilities	(\$441)		(\$441)	(\$118)		(\$118)

Money market funds, available-for-sale debt investments and equity securities are valued using a market approach based on the quoted market prices or broker/dealer quotes of identical or comparable instruments.

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Derivatives include foreign currency and commodity contracts. Our foreign currency forward contracts are valued using an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount. Commodity derivatives are valued using an income approach based on the present value of the commodity index prices less the contract rate multiplied by the notional amount.

Investments and Property, plant and equipment have been measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3). These assets were primarily valued using an income approach based on the discounted cash flows associated with the underlying assets. The following table presents the nonrecurring losses recognized for the three months ended March 31 due to long-lived asset impairment and the fair value and asset classification of the related assets as of the impairment date:

	2020		2019	
	Fair Value	Total Losses	Fair Value	Total Losses
Investments	\$52	(\$21)	\$90	(\$33)
Property, plant and equipment	36	(5)	43	(1)
Total	\$88	(\$26)	\$133	(\$34)

Fair Value Disclosures

The fair values and related carrying values of financial instruments that are not required to be remeasured at fair value on the Condensed Consolidated Statements of Financial Position were as follows:

	March 31, 2020				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets					
Notes receivable, net	\$452	\$428		\$428	
Liabilities					
Debt, excluding commercial paper and capital lease obligations	(34,010)	(32,796)		(32,759)	(\$37)

	December 31, 2019				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets					
Notes receivable, net	\$443	\$444		\$444	
Liabilities					
Debt, excluding capital lease obligations and commercial paper	(20,964)	(23,119)		(23,081)	(\$38)

The fair values of notes receivable are estimated with discounted cash flow analysis using interest rates currently offered on loans with similar terms to borrowers of similar credit quality. The fair value of our debt that is traded in the secondary market is classified as Level 2 and is based on current market yields. For our debt that is not traded in the secondary market, the fair value is classified as Level 2 and is based on our indicative borrowing cost derived from dealer quotes or discounted cash flows. The fair values of our debt classified as Level 3 are based on discounted cash flow models using the implied yield from similar securities. With regard to other financial instruments with off-balance sheet risk, it is not practicable to estimate the fair value of our indemnifications and financing commitments because the amount and timing of those arrangements are uncertain. Items not included in the above disclosures include cash, restricted cash, time deposits and other deposits, commercial paper, money market funds, Accounts receivable, Unbilled receivables, Other current assets, Accounts payable and long-term payables. The carrying values of those items, as reflected in the Condensed Consolidated Statements of Financial Position, approximate their fair

value at March 31, 2020 and December 31, 2019. The fair value of assets and liabilities whose carrying value approximates fair value is determined using Level 2 inputs, with the exception of cash (Level 1).

Note 19 – Legal Proceedings

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. Under government regulations, a company, or one or more of its operating divisions or subdivisions, can also be suspended or debarred from government contracts, or lose its export privileges, based on the results of investigations. Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. Further, we are subject to, and cooperating with, ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX, including investigations by the U.S. Department of Justice and the Securities and Exchange Commission, the outcome of which may be material. We cannot reasonably estimate a range of loss, if any, not covered by available insurance that may result given the current status of the lawsuits, investigations, and inquiries related to the 737 MAX.

Note 20 – Segment and Revenue Information

Effective at the beginning of 2020, certain programs were realigned between our Defense, Space & Security segment and Unallocated items, eliminations and other. Business segment data for 2019 has been adjusted to reflect the realignment.

Our primary profitability measurements to review a segment's operating results are Earnings from operations and operating margins. We operate in four reportable segments: BCA, BDS, BGS, and BCC. All other activities fall within Unallocated items, eliminations and other. See page 6 for the Summary of Business Segment Data, which is an integral part of this note.

BCA develops, produces and markets commercial jet aircraft principally to the commercial airline industry worldwide. Revenue on commercial aircraft contracts is recognized at the point in time when an aircraft is completed and accepted by the customer.

BDS engages in the research, development, production and modification of the following products and related services: manned and unmanned military aircraft and weapons systems, surveillance and engagement, strategic defense and intelligence systems, satellite systems and space exploration. BDS revenue is generally recognized over the contract term (over time) as costs are incurred.

BGS provides parts, maintenance, modifications, logistics support, training, data analytics and information-based services to commercial and government customers worldwide. BGS segment revenue and costs include certain services provided to other segments. Revenue on commercial spare parts contracts is recognized at the point in time when a spare part is delivered to the customer. Revenue on other contracts is generally recognized over the contract term (over time) as costs are incurred.

BCC facilitates, arranges, structures and provides selective financing solutions for our Boeing customers.

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The following tables present BCA, BDS and BGS revenues from contracts with customers disaggregated in a number of ways, such as geographic location, contract type and the method of revenue recognition. We believe these best depict how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors.

BCA revenues by customer location consist of the following:

(Dollars in millions)

	Three months ended March 31	
	2020	2019
Revenue from contracts with customers:		
Europe	\$1,970	\$1,661
Asia	1,159	3,174
Middle East	549	1,110
Other	311	1,538
Total non-U.S. revenues	3,989	7,483
United States	2,174	4,170
Estimated potential concessions and other considerations to 737 MAX customers, net	30	
Total revenues from contracts with customers	6,193	11,653
Intersegment revenues eliminated on consolidation	12	169
Total segment revenues	\$6,205	\$11,822
Revenue recognized on fixed-price contracts	100%	100%
Revenue recognized at a point in time	100%	100%

BDS revenues on contracts with customers, based on the customer's location, consist of the following:

(Dollars in millions)

	Three months ended March 31	
	2020	2019
Revenue from contracts with customers:		
U.S. customers	\$4,316	\$4,883
Non U.S. customers ⁽¹⁾	1,726	1,704
Total segment revenue from contracts with customers	\$6,042	\$6,587
Revenue recognized over time	99%	98%
Revenue recognized on fixed-price contracts	67%	69%
Revenue from the U.S. government ⁽¹⁾	89%	88%

⁽¹⁾ Includes revenues earned from foreign military sales through the U.S. government.

BGS revenues consist of the following:

<i>(Dollars in millions)</i>	Three months ended March 31	
	2020	2019
Revenue from contracts with customers:		
Commercial	\$2,523	\$2,585
Government	2,033	1,997
Total revenues from contracts with customers	4,556	4,582
Intersegment revenues eliminated on consolidation	72	37
Total segment revenues	\$4,628	\$4,619
Revenue recognized at a point in time	55%	57%
Revenue recognized on fixed-price contracts	89%	89%
Revenue from the U.S. government ⁽¹⁾	35%	33%

⁽¹⁾ Includes revenues earned from foreign military sales through the U.S. government.

Backlog

Our total backlog represents the estimated transaction prices on performance obligations to our customers for which work remains to be performed. Backlog is converted into revenue in future periods as work is performed, primarily based on the cost incurred or at delivery and acceptance of products, depending on the applicable accounting method.

Our backlog at March 31, 2020 was \$438,594. We expect approximately 30% to be converted to revenue through 2021 and approximately 72% through 2024, with the remainder thereafter. The future periods when backlog is expected to convert to revenue could be impacted if the timing of aircraft deliveries is adjusted due to COVID-19 impacts.

Unallocated Items, Eliminations and other

Unallocated items, eliminations and other include common internal services that support Boeing's global business operations, intercompany guarantees provided to BCC and eliminations of certain sales between segments. Such sales include airplanes accounted for as operating leases and considered transferred to the BCC segment. We generally allocate costs to business segments based on the U.S. federal cost accounting standards. Components of Unallocated items, eliminations and other are shown in the following table.

	Three months ended March 31	
	2020	2019
Share-based plans	(\$18)	(\$14)
Deferred compensation	193	(102)
Amortization of previously capitalized interest	(23)	(24)
Research and development expense, net	(54)	(78)
Customer financing impairment		(250)
Eliminations and other unallocated items	(271)	(244)
Unallocated items, eliminations and other	(\$173)	(\$712)
Pension FAS/CAS service cost adjustment	\$255	\$274
Postretirement FAS/CAS service cost adjustment	92	90
FAS/CAS service cost adjustment	\$347	\$364

Pension and Other Postretirement Benefit Expense

Pension costs, comprising GAAP service and prior service costs, are allocated to BCA and the commercial operations at BGS. Pension costs are allocated to BDS and BGS businesses supporting government customers using U.S. Government Cost Accounting Standards (CAS), which employ different actuarial assumptions and accounting conventions than GAAP. These costs are allocable to government contracts. Other postretirement benefit costs are allocated to business segments based on CAS, which is generally based on benefits paid. FAS/CAS service cost adjustment represents the difference between the FAS pension and postretirement service costs calculated under GAAP and costs allocated to the business segments. Non-operating pension and postretirement expenses represent the components of net periodic benefit costs other than service cost. These expenses are included in Other income, net.

Assets

Segment assets are summarized in the table below:

	March 31 2020	December 31 2019
Commercial Airplanes	\$76,898	\$73,995
Defense, Space & Security	15,789	15,757
Global Services	19,043	18,605
Boeing Capital	2,228	2,269
Unallocated items, eliminations and other	29,117	22,999
Total	\$143,075	\$133,625

Assets included in Unallocated items, eliminations and other primarily consist of Cash and cash equivalents, Short-term and other investments, Deferred tax assets, capitalized interest and assets managed centrally on behalf of the four principle business segments and intercompany eliminations.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Boeing Company
Chicago, Illinois

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated statement of financial position of The Boeing Company and subsidiaries (the "Company") as of March 31, 2020, the related condensed consolidated statements of operations, comprehensive income, cash flows, and equity for the three months ended March 31, 2020 and 2019, and the related notes (collectively referred to as the "condensed consolidated interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Company as of December 31, 2019, and the related consolidated statements of operations, comprehensive income, cash flows, and equity for the year then ended (not presented herein); and in our report dated January 31, 2020, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2019, is fairly stated, in all material respects, in relation to the consolidated statement of financial position from which it has been derived.

Basis for Review Results

This condensed consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP

Chicago, Illinois

April 29, 2020

FORWARD-LOOKING STATEMENTS

This report 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 COVID-19 pandemic and related government actions, including with respect to our operations and access to suppliers, our liquidity and access to funding, the health of our customers and suppliers, and future demand for our products and services;
- (2) the 737 MAX, including the timing and conditions of 737 MAX regulatory approvals, delays in the resumption of production, lower than planned production rates and/or delivery rates, and increased considerations to customers and suppliers;
- (3) general conditions in the economy and our industry, including those due to regulatory changes;
- (4) our reliance on our commercial airline customers;
- (5) the overall health of our aircraft production system, planned commercial aircraft production rate changes, our commercial development and derivative aircraft programs, and our aircraft being subject to stringent performance and reliability standards;
- (6) changing budget and appropriation levels and acquisition priorities of the U.S. government;
- (7) our dependence on U.S. government contracts;
- (8) our reliance on fixed-price contracts;
- (9) our reliance on cost-type contracts;
- (10) uncertainties concerning contracts that include in-orbit incentive payments;
- (11) our dependence on our subcontractors and suppliers as well as the availability of raw materials;
- (12) changes in accounting estimates;
- (13) changes in the competitive landscape in our markets;
- (14) our non-U.S. operations, including sales to non-U.S. customers;
- (15) threats to the security of our or our customers' information;
- (16) potential adverse developments in new or pending litigation and/or government investigations;
- (17) customer and aircraft concentration in our customer financing portfolio;
- (18) changes in our ability to obtain debt on commercially reasonable terms and at competitive rates;

- (19) realizing the anticipated benefits of mergers, acquisitions, joint ventures, strategic alliances or divestitures;
- (20) the adequacy of our insurance coverage to cover significant risk exposures;
- (21) potential business disruptions, including those related to physical security threats, information technology or cyber attacks, epidemics, sanctions or natural disasters;
- (22) work stoppages or other labor disruptions;
- (23) substantial pension and other postretirement benefit obligations; and
- (24) 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 information 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results of Operations and Financial Condition

Overview

The global outbreak of COVID-19 coupled with the ongoing grounding of the 737 MAX airplane is having a significant adverse impact on our business and is expected to significantly reduce revenue, earnings and operating cash flow in future quarters. It is also having a significant impact on our liquidity - see Liquidity Matters in Note 1 to our Condensed Consolidated Financial Statements.

The aerospace industry is facing an unprecedented shock to demand for air travel which creates a tremendous challenge for our customers, our business and the entire aerospace manufacturing and services sector. The latest IATA forecast projects full-year passenger traffic to be down 48% this year compared to 2019 as global economic activity slows down due to COVID-19 and governments severely restrict travel to contain the spread of the virus.

Our customers are taking actions to adjust to these new market realities and preserve liquidity. This comes in many forms such as deferrals of advance payments, deferrals of deliveries, reduced spending on services, and, in some cases, cancellations. We face a challenging environment in the near to medium term as airlines adjust to reduced traffic which in turn will lower demand for commercial aerospace products and services. It could also affect the financial viability of some airlines.

While the long term outlook for the aerospace industry remains positive due the fundamental drivers of air travel demand, we currently expect it will take 2-3 years for travel to return to 2019 levels and a few years beyond that for the industry to return to long-term trend growth. To balance the supply and demand given the COVID-19 shock and to preserve our long-term potential and competitiveness, we have decided to reduce the production rates of several of our Commercial Airplanes (BCA) programs. These rate decisions are based on our current assessment of the demand environment. There is significant uncertainty with respect to when commercial air traffic levels will begin to recover, and whether and at what point capacity will return to and/or exceed pre-COVID-19 levels. We will closely monitor the key factors that affect backlog and future demand including customers' evolving fleet plans, the widebody replacement cycle and the cargo market. We will maintain a disciplined rate management process, and make adjustments as appropriate in the future.

At Global Services (BGS), we are seeing a direct impact on our commercial supply chain business as fewer flights result in a decreased demand for our parts and logistics offerings. Additionally, our commercial customers are curtailing discretionary spending, such as modifications and upgrades and focusing on required maintenance. Similar to commercial airplanes, we expect a multi-year recovery period for the commercial services business. The demand outlook for our government services business, which in 2019 accounted for just under half of BGS revenue, remains stable.

At Defense, Space & Security (BDS), we continue to see a healthy market with solid demand for our major platforms and programs both domestically and internationally. Despite some near-term production impacts associated with our temporary suspension of operations at various locations, our portfolio of programs and technologies remains well aligned to our customers' missions and well positioned to address their current needs.

In March and April of 2020, we temporarily suspended operations at multiple locations including the Puget Sound area, South Carolina and Philadelphia. Operations in Puget Sound and Philadelphia resumed during the week of April 20, while operations in South Carolina are scheduled to resume beginning on May 3. For operations that remain open, we have implemented procedures to promote employee safety including more frequent and enhanced cleaning and adjusted schedules and work flows to support physical distancing. These actions will result in increased operating costs. In addition, a number of our suppliers have suspended or otherwise reduced their operations, and we are experiencing some supply chain shortages. Our suppliers are also experiencing liquidity pressures and disruptions to their operations as a result of COVID-19. We also have large numbers of employees working from home. These measures and disruptions have reduced

overall productivity and adversely impacted our financial position, results of operations, and cash flows in the first quarter of 2020. We expect further adverse impacts in future quarters.

Earnings From Operations and Core Operating Earnings (Non-GAAP) The following table summarizes key indicators of consolidated results of operations:

	Three months ended March 31	
	2020	2019
<i>(Dollars in millions, except per share data)</i>		
Revenues	\$16,908	\$22,917
GAAP		
(Loss)/earnings from operations	(\$1,353)	\$2,350
Operating margins	(8.0)%	10.3%
Effective income tax rate	57.4 %	7.9%
Net (loss)/earnings attributable to Boeing Shareholders	(\$628)	\$2,149
Diluted (loss)/earnings per share	(\$1.11)	\$3.75
Non-GAAP ⁽¹⁾		
Core operating (loss)/earnings	(\$1,700)	\$1,986
Core operating margins	(10.1)%	8.7%
Core (loss)/earnings per share	(\$1.70)	\$3.16

⁽¹⁾ These measures exclude certain components of pension and other postretirement benefit expense. See page 48 for important information about these non-GAAP measures and reconciliations to the most comparable GAAP measures.

Revenues

The following table summarizes Revenues:

	Three months ended March 31	
	2020	2019
<i>(Dollars in millions)</i>		
Commercial Airplanes	\$6,205	\$11,822
Defense, Space & Security	6,042	6,587
Global Services	4,628	4,619
Boeing Capital	65	66
Unallocated items, eliminations and other	(32)	(177)
Total	\$16,908	\$22,917

Revenues for the three months ended March 31, 2020 decreased by \$6,009 million compared with the same period in 2019 due to lower revenues at BCA and BDS. Revenues for each of our segments have been adversely impacted by COVID-19. BCA revenues decreased by \$5,617 million driven by lower deliveries due to the 737 MAX grounding as well as the impacts of COVID-19. BDS revenues decreased by \$545 million primarily due to the unfavorable impact of cumulative contract catch-up adjustments for KC-46A Tanker. The changes in Unallocated items, eliminations and other primarily reflect the timing of eliminations for intercompany aircraft deliveries. We expect the impacts of the COVID-19 pandemic to continue to significantly impact revenues in future quarters until the commercial airline industry recovers.

Earnings From Operations

The following table summarizes Earnings from operations:

(Dollars in millions)

	Three months ended March 31	
	2020	2019
Commercial Airplanes	(\$2,068)	\$1,173
Defense, Space & Security	(191)	852
Global Services	708	653
Boeing Capital	24	20
Segment operating (loss)/profit	(1,527)	2,698
Pension FAS/CAS service cost adjustment	255	274
Postretirement FAS/CAS service cost adjustment	92	90
Unallocated items, eliminations and other	(173)	(712)
Loss/earnings from operations (GAAP)	(\$1,353)	\$2,350
FAS/CAS service cost adjustment *	(347)	(364)
Core operating (loss)/earnings (Non-GAAP) **	(\$1,700)	\$1,986

* The FAS/CAS service cost adjustment represents the difference between the FAS pension and postretirement service costs calculated under GAAP and costs allocated to the business segments.

** Core operating (loss)/earnings is a Non-GAAP measure that excludes the FAS/CAS service cost adjustment. See page 48.

Loss from operations for the three months ended March 31, 2020 was \$1,353 million compared with earnings from operations of \$2,350 million. The decrease of \$3,703 million is primarily due to lower earnings at BCA and BDS. Earnings for each of our segments have been adversely impacted by COVID-19. BCA earnings from operations decreased by \$3,241 million due to lower deliveries resulting from the 737 MAX grounding and lower wide-body deliveries resulting from COVID-19 impacts as compared to the same period in 2019. We incurred period expense of \$797 million of abnormal production costs from the temporary suspension of 737 MAX production, \$137 million of abnormal production costs from the temporary suspension of Puget Sound production in response to COVID-19, and a \$336 million charge related to 737NG frame fitting component repair costs. Lower 787 margins reflecting a reduction in the accounting quantity and lower production rates also contributed to lower earnings. BDS decreased by \$1,043 million, primarily due to a charge on the KC-46A Tanker of \$827 million and a charge on VC-25B of \$168 million. For discussion regarding BDS Fixed-Price Development Contracts see Note 11 to our Condensed Consolidated Financial Statements. We expect the impacts of the COVID-19 pandemic to continue to reduce earnings in future quarters until the commercial airline industry recovers.

Core operating earnings for the three months ended March 31, 2020 decreased by \$3,686 million compared with the same periods in 2019 primarily due to losses from operations at BCA and BDS as described above.

Unallocated Items, Eliminations and Other The most significant items included in Unallocated items, eliminations and other are shown in the following table:

<i>(Dollars in millions)</i>	Three months ended March 31	
	2020	2019
Share-based plans	(\$18)	(\$14)
Deferred compensation	193	(102)
Amortization of previously capitalized interest	(23)	(24)
Research and development expense, net	(54)	(78)
Customer financing impairment		(250)
Eliminations and other unallocated items	(271)	(244)
Unallocated items, eliminations and other	(\$173)	(\$712)

Deferred compensation expense decreased by \$295 million for the three months ended March 31, 2020 compared with the same period in 2019 primarily driven by changes in our stock price and broad market conditions.

Research and development expense decreased by \$24 million for the three months ended March 31, 2020 compared with the same periods in 2019 primarily due to reduced spending by Boeing NeXt product development.

During the first quarter of 2019, we recorded a \$250 million charge related to the impairment of lease incentives with one customer that experienced liquidity issues.

A portion of service cost is recognized in Earnings from operations in the period incurred and the remainder is included in inventory at the end of the reporting period and recorded in Earnings from operations in subsequent periods.

Net periodic pension benefit costs included in Earnings from operations were as follows:

<i>(Dollars in millions)</i>	Three months ended March 31	
Pension Plans	2020	2019
Allocated to business segments	(\$255)	(\$352)
Pension FAS/CAS service cost adjustment	255	274
Net periodic benefit cost included in (Loss)/earnings from operations	\$0	(\$78)

The pension FAS/CAS service cost adjustment recognized in earnings in 2020 is largely consistent with the same periods in the prior year. The decrease in net periodic benefit costs included in (Loss)/earnings from operations in 2020 was primarily due to lower service costs reflecting the transition of employees to defined contribution retirement savings plans.

For discussion related to Postretirement Plans, see Note 14 to our Condensed Consolidated Financial Statements.

Other Earnings Items*(Dollars in millions)*

	Three months ended March 31	
	2020	2019
(Loss)/earnings from operations	(\$1,353)	\$2,350
Other income, net	112	106
Interest and debt expense	(262)	(123)
(Loss)/earnings before income taxes	(1,503)	2,333
Income tax benefit/(expense)	862	(184)
Net (loss)/earnings from continuing operations	(641)	2,149
Less: Net loss attributable to noncontrolling interest	(13)	
Net (loss)/earnings attributable to Boeing Shareholders	(\$628)	\$2,149

Other income, net increased by \$6 million during the three months ended March 31, 2020, primarily due to lower non-operating postretirement expense. Non-operating postretirement expense was \$13 million during the three months ended March 31, 2020 compared with \$27 million during the same period in 2019.

Higher interest and debt expense for the three months ended March 31, 2020 is a result of higher debt balances.

For discussion related to Income Taxes, see Note 5 to our Condensed Consolidated Financial Statements.

Total Costs and Expenses (“Cost of Sales”)

Cost of sales, for both products and services, consists primarily of raw materials, parts, sub-assemblies, labor, overhead and subcontracting costs. Our BCA segment predominantly uses program accounting to account for cost of sales. Under program accounting, cost of sales for each commercial airplane program equals the product of (i) revenue recognized in connection with customer deliveries and (ii) the estimated cost of sales percentage applicable to the total remaining program. For long-term contracts, the amount reported as cost of sales is recognized as incurred. Substantially all contracts at our BDS segment and certain contracts at our BGS segment are long-term contracts with the U.S. government and other customers that generally extend over several years. Costs on these contracts are recorded as incurred. Cost of sales for commercial spare parts is recorded at average cost.

The following table summarizes cost of sales:

(Dollars in millions)

	Three months ended March 31		
	2020	2019	Change
Cost of sales	\$16,768	\$18,645	(\$1,877)
Cost of sales as a % of Revenues	99.2%	81.4%	17.8%

Cost of sales for the three months ended March 31, 2020 decreased by \$1,877 million, or 10% compared with the same period in 2019, primarily due to lower revenue and higher reach-forward losses. Cost of sales as a percentage of Revenues increased in 2020 due to the impacts of the 737 MAX grounding and COVID-19.

Research and Development The following table summarizes our Research and development expense:

<i>(Dollars in millions)</i>	Three months ended March 31	
	2020	2019
Commercial Airplanes	\$425	\$564
Defense, Space & Security	163	184
Global Services	30	40
Other	54	78
Total	\$672	\$866

Research and development expense decreased by \$194 million during the three months ended March 31, 2020 compared to the prior period in 2019, primarily due to lower spending on 777X.

Backlog

<i>(Dollars in millions)</i>	March 31	December 31
	2020	2019
Commercial Airplanes	\$351,778	\$376,593
Defense, Space & Security	63,578	63,691
Global Services	22,747	22,902
Unallocated items, eliminations and other	491	217
Total Backlog	\$438,594	\$463,403
Contractual backlog	\$414,165	\$436,473
Unobligated backlog	24,429	26,930
Total Backlog	\$438,594	\$463,403

Contractual backlog of unfilled orders excludes purchase options, announced orders for which definitive contracts have not been executed, and unobligated U.S. and non-U.S. government contract funding. The decrease during the three months ended March 31, 2020 was primarily due to aircraft order cancellations, a reduction of backlog for orders from customers experiencing liquidity issues, and changes in projected price escalation at our BCA segment. We are experiencing fewer new 737 MAX orders than we were receiving prior to the grounding. If 737 MAX aircraft remain grounded for an extended period of time, we may experience additional reductions to backlog and/or significant order cancellations. Additionally, we may experience fewer new orders and increased cancellations across all of our commercial airplane programs as a result the COVID-19 pandemic.

Unobligated backlog includes U.S. and non-U.S. government definitive contracts for which funding has not been authorized. The decrease during the three months ended March 31, 2020 was primarily due to reclassifications to contractual backlog related to BGS and BDS contracts.

Additional Considerations

Global Trade The global economy is currently experiencing significant adverse impacts due to the COVID-19 pandemic, including a decline in overall trade. There is a great deal of uncertainty regarding the duration, scale, and localization of these impacts to the global economy and potential government responses to mitigate economic impacts. We are closely monitoring the current and potential future economic impacts of COVID-19 to the global economy, the aerospace sector, and our Company.

In addition, we continually monitor the global trade environment for changes in tariffs, trade agreements, sanctions or other potential geopolitical economic developments that may impact the Company.

Beginning in June 2018, the U.S. Government has imposed tariffs on steel and aluminum imports. In response to these tariffs, several major U.S. trading partners have imposed, or announced their intention to impose,

tariffs on U.S. goods. In May 2019, the U.S. Government, Mexico and Canada reached an agreement to end the steel and aluminum tariffs between these countries. Passage of the U.S./Mexico/Canada Free Trade Agreement (USMCA) will also result in lower tariffs. We continue to monitor the potential for any extra costs that may result from the remaining global tariffs.

Since 2018, the U.S. and China imposed tariffs on approximately \$34 billion of each other's exports. Certain aircraft parts and components that Boeing procures are subject to these tariffs. Subsequently, the U.S. imposed tariffs on an additional \$216 billion in Chinese goods, and China imposed tariffs on an additional \$76 billion worth of U.S goods. The U.S. and China Phase I agreement in January 2020 is a positive development for overall trade with China. Negotiations to resolve remaining trade issues continue.

Overall global trade tensions and increased market uncertainty have resulted in fewer orders than anticipated for our commercial aircraft.

The U.S. Government continues to impose and/or consider imposing sanctions on certain businesses and individuals in Russia. Although our operations or sales in Russia have not been impacted to date, we continue to monitor additional sanctions that may be imposed by the U.S. Government and any responses from Russia that could affect our supply chain, business partners or customers.

Segment Results of Operations and Financial Condition

Commercial Airplanes

Business Environment and Trends

See Overview to Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the impacts of COVID-19 on the airline industry environment.

Segment Results of Operations and Financial Condition

Commercial Airplanes

Results of Operations

(Dollars in millions)

	Three months ended March 31	
	2020	2019
Revenues	\$6,205	\$11,822
(Loss)/earnings from operations	(\$2,068)	\$1,173
Operating margins	(33.3)%	9.9%

Revenues

Revenues for the three months ended March 31, 2020 decreased by \$5,617 million compared with the same period in 2019 due to lower deliveries driven by the 737 MAX grounding as well as impacts of COVID-19. The 737 MAX grounding will continue to have a significant impact on future revenues until deliveries resume, and COVID-19 will continue to have a significant impact on future revenues until the commercial airline industry recovers.

Commercial airplane deliveries, including intercompany deliveries, were as follows:

	737	*	747	767	*	777	†	787	Total
Deliveries during the first three months of 2020	5	(3)		10	(5)	6		29	50
Deliveries during the first three months of 2019	89	(4)	2	12	(8)	10	(1)	36	149
Cumulative deliveries as of 3/31/2020	7,444		1,555	1,186		1,633		968	
Cumulative deliveries as of 12/31/2019	7,439		1,555	1,176		1,627		939	

* Intercompany deliveries identified by parentheses

† Aircraft accounted for as revenues by BCA and as operating leases in consolidation identified by parentheses.

Loss/Earnings From Operations

Loss from operations for the three months ended March 31, 2020 was \$2,068 million compared with earnings from operations of \$1,173 million in the same period in 2019. The decrease of \$3,241 million is primarily due to lower deliveries resulting from the 737 MAX grounding and lower wide-body deliveries resulting from COVID-19. Deliveries for three months ended March 31, 2020 were lower for 737 MAX aircraft as well as for wide-body aircraft as compared to the same period in 2019. We incurred period expense of \$797 million of abnormal production costs from the temporary suspension of 737 MAX production, \$137 million of abnormal production costs from the temporary suspension of Puget Sound operations in response to COVID-19, and a \$336 million charge related to 737NG frame fitting component repair costs. Lower 787 margins reflecting a reduction in the accounting quantity and lower production rates also contributed to lower earnings. The 737 MAX grounding and COVID-19 will continue to have a significant adverse impact on future earnings and margins until 737 MAX and wide-body deliveries resume and the commercial airline industry recovers.

Backlog

Our total backlog represents the estimated transaction prices on unsatisfied and partially satisfied performance obligations to our customers where we believe it is probable that we will collect the consideration due and where no contingencies remain before we and the customer are required to perform. Backlog does not include prospective orders where customer controlled contingencies remain, such as the customer receiving approval from its board of directors, shareholders or government or completing financing arrangements. All such contingencies must be satisfied or have expired prior to recording a new firm order even if satisfying such conditions is highly certain. Backlog excludes options and Boeing Capital (BCC) orders. A number of our customers may have contractual remedies, including rights to reject individual airplane deliveries if the actual delivery date is significantly later than the contractual delivery date. We address customer claims and requests for other contractual relief as they arise. The value of orders in backlog is adjusted as changes to price and schedule are agreed to with customers and is reported in accordance with the requirements of Topic 606.

BCA total backlog decreased from \$376,593 million as of December 31, 2019 to \$351,778 million at March 31, 2020 primarily due to aircraft order cancellations, a reduction of backlog for orders from customers experiencing liquidity issues, and changes in projected price escalation. We are experiencing fewer new 737 MAX orders than we were receiving prior to the grounding. If 737 MAX aircraft remain grounded for an extended period of time, we may experience additional reductions to backlog and/or significant order cancellations. Additionally, we may experience fewer new orders and increased cancellations across all of our commercial airplane programs as a result the COVID-19 pandemic.

Accounting Quantity

The following table provides details of the accounting quantities and firm orders by program. Cumulative firm orders represent the cumulative number of commercial jet aircraft deliveries plus undelivered firm orders.

As of 3/31/2020	Program						
	737	747*	767	777 †	777X	787 †	
Program accounting quantities	10,000	1,574	1,195	1,690	**	1,500	
Undelivered units under firm orders	4,079	13	86	47	309	515	(28)
Cumulative firm orders	11,523	1,568	1,272	1,680	309	1,483	

As of 12/31/2019	737 †	747	767	777 †	777X	787 †	
Program accounting quantities	10,400	1,574	1,195	1,690	**	1,600	
Undelivered units under firm orders	4,398	17	94	68	309	520	(29)
Cumulative firm orders	11,837	1,572	1,270	1,695	309	1,459	

† Aircraft ordered by BCC are identified in parentheses

* At March 31, 2020, the 747 accounting quantity includes one already completed aircraft that has not been sold and is being remarketed.

** The accounting quantity for the 777X will be determined in the year of first airplane delivery.

Program Highlights

737 Program We reduced the program accounting quantity from 10,400 at December 31, 2019 to 10,000 at March 31, 2020. This reflects a slower than previously planned production rate ramp-up caused by commercial airline industry uncertainty due to the impact of COVID-19. See further discussion of the 737 MAX Grounding and Product Warranties in Note 11 to our Condensed Consolidated Financial Statements.

747 Program We are currently producing at a rate of 0.5 aircraft per month. We believe that ending production of the 747 at the end of the current accounting quantity would not have a material impact on our financial position, results of operations or cash flows.

767 Program The 767 assembly line includes the commercial program and a derivative to support the KC-46A tanker program. We are currently producing at a rate of 3 aircraft per month.

777 Program In 2013, we launched the 777X, which features a new composite wing, new engines and folding wing-tips. We have experienced issues in engine design and development on the 777X. The first flight of the 777X was completed on January 25, 2020, and first delivery is targeted for 2021. The 777 and 777X programs have a combined production rate of approximately 5 per month. We now expect to deliver at an average rate of approximately 2.5 per month in 2020. Due to market uncertainties driven primarily by the impacts of COVID-19, we plan to reduce the combined production rate to 3 per month in 2021. The 777X will have a separate program accounting quantity, which will be determined in the year of first airplane delivery.

787 Program We are currently producing at rate of 14 per month. Due to customer and operational impacts of COVID-19, the 787 production rate will be reduced from 14 per month to 10 per month in 2020 and gradually reduced to 7 per month by 2022. As a result of the planned production rate changes, we reduced the accounting quantity for the 787 program by 100 units during the three months ended March 31, 2020.

Additional Considerations

The development and ongoing production of commercial aircraft is extremely complex, involving extensive coordination and integration with suppliers and highly-skilled labor from employees and other partners.

Meeting or exceeding our performance and reliability standards, as well as those of customers and regulators, can be costly and technologically challenging. In addition, the introduction of new aircraft and derivatives, such as the 777X, involves increased risks associated with meeting development, production and certification schedules. As a result, our ability to deliver aircraft on time, satisfy performance and reliability standards and achieve or maintain, as applicable, program profitability is subject to significant risks. Factors that could result in lower margins (or a material charge if an airplane program has or is determined to have reach-forward losses) include the following: changes to the program accounting quantity, customer and model mix, production costs and rates, changes to price escalation factors due to changes in the inflation rate or other economic indicators, performance or reliability issues involving completed aircraft, capital expenditures and other costs associated with increasing or adding new production capacity, learning curve, additional change incorporation, achieving anticipated cost reductions, flight test and certification schedules, costs, schedule and demand for new airplanes and derivatives and status of customer claims, supplier claims or assertions and other contractual negotiations. While we believe the cost and revenue estimates incorporated in the consolidated financial statements are appropriate, the technical complexity of our airplane programs creates financial risk as additional completion costs may become necessary or scheduled delivery dates could be extended, which could trigger termination provisions, order cancellations or other financially significant exposure.

Defense, Space & Security

Business Environment and Trends

United States Government Defense Environment Overview

The Bipartisan Budget Act of 2019 raised the Budget Control Act limits on federal discretionary defense and non-defense spending for fiscal years 2020 and 2021 (FY20 and FY21), reducing budget uncertainty and the risk of sequestration. The consolidated appropriations acts for FY20, enacted in December 2019, provided FY20 appropriations for government departments and agencies, including the United States Department of Defense (U.S. DoD), the National Aeronautics and Space Administration (NASA) and the Federal Aviation Administration. In February 2020, the U.S. administration submitted its request for \$740.5 billion in base national defense spending for FY21, congruent with the amended spending limit.

The enacted FY20 appropriations included funding for Boeing's major programs, such as the F/A-18 Super Hornet, F-15EX, CH-47 Chinook, AH-64 Apache, V-22 Osprey, KC-46A Tanker, P-8 Poseidon and Space Launch System. However, there continues to be uncertainty with respect to future program-level appropriations for the U.S. DoD and other government agencies, including NASA. Future budget cuts or investment priority changes, including changes associated with the authorizations and appropriations process, could result in reductions, cancellations and/or delays of existing contracts or programs. Any of these impacts could have a material effect on our results of operations, financial position and/or cash flows.

Results of Operations

(Dollars in millions)

	Three months ended March 31	
	2020	2019
Revenues	\$6,042	\$6,587
(Loss)/earnings from operations	(\$191)	\$852
Operating margins	(3.2)%	12.9%

Since our operating cycle is long-term and involves many different types of development and production contracts with varying delivery and milestone schedules, the operating results of a particular period may not be indicative of future operating results. In addition, depending on the customer and their funding sources, our orders might be structured as annual follow on contracts, or as one large multi-year order or long-term award. As a result, period-to-period comparisons of backlog are not necessarily indicative of future workloads. The following discussions of comparative results among periods should be viewed in this context.

Deliveries of units for new-build production aircraft, including remanufactures and modifications, were as follows:

	Three months ended March 31	
	2020	2019
F/A-18 Models	5	7
F-15 Models		4
CH-47 Chinook (New)	9	7
CH-47 Chinook (Renewed)	1	4
AH-64 Apache (New)	2	6
AH-64 Apache (Remanufactured)	14	22
P-8 Models	3	3
KC-46 Tanker	5	7
Total	39	60

Revenues

BDS revenues for the three months ended March 31, 2020 decreased by \$545 million compared with the same period in 2019, primarily due to the unfavorable impact of cumulative contract catch-up adjustments for the three months ended March 31, 2020, which was \$530 million higher than the comparable period in the prior year, reflecting adjustments on the KC-46A Tanker as a result of the 2020 charge described below.

Loss/Earnings From Operations

Loss from operations for the three months ended March 31, 2020 was \$191 million compared with earnings from operations of \$852 million in the same period in 2019. This decrease of \$1,043 million compared with the same period in 2019 is primarily due to a charge on the KC-46A Tanker of \$827 million and a charge on VC-25B of \$168 million. The KC-46A Tanker reach-forward loss reflects \$551 million of costs associated with the agreement signed in April 2020 with the U.S. Air Force to develop and integrate a new Remote Vision System, and the remaining costs reflect productivity inefficiencies and COVID-19 related factory disruption. The reach-forward loss on VC-25B is associated with engineering inefficiencies from the COVID-19 environment. We believe these inefficiencies will result in staffing challenges, schedule inefficiencies and higher costs in the upcoming phases of the program. COVID-19 related factory disruptions and engineering and staffing challenges also impacted a number of other programs and reduced margin in the quarter. The reach-forward loss on the Commercial Crew program was unchanged during the first quarter. In April 2020, we recommended to NASA, and they concurred, that we refly the orbital uncrewed test mission. The mission is expected to occur later in 2020.

The unfavorable impact of cumulative contract catch-up adjustments for the three months ended March 31, 2020 was \$944 million higher than the comparable period in the prior year, primarily reflecting the reach-forward losses described above.

BDS loss from operations includes equity earnings of \$37 million for the three months ended March 31, 2020 compared to \$53 million in earnings from operations for the same period in 2019, primarily reflecting earnings on our United Launch Alliance joint venture.

Backlog

Total backlog of \$63,578 million at March 31, 2020 was largely unchanged from December 31, 2019.

Additional Considerations

Our BDS business includes a variety of development programs which have complex design and technical challenges. Many of these programs have cost-type contracting arrangements. In these cases, the associated financial risks are primarily in reduced fees, lower profit rates or program cancellation if cost, schedule or technical performance issues arise. Examples of these programs include Ground-based Midcourse Defense, Proprietary and Space Launch System programs.

Some of our development programs are contracted on a fixed-price basis and BDS customers are increasingly seeking fixed priced proposals for new programs. Examples of significant fixed-price development programs include Commercial Crew, KC-46A Tanker, T-7A Red Hawk, VC-25B, MQ-25, and commercial and military satellites. New programs could also have risk for reach-forward loss upon contract award and during the period of contract performance. Many development programs have highly complex designs. As technical or quality issues arise during development, we may experience schedule delays and cost impacts, which could increase our estimated cost to perform the work or reduce our estimated price, either of which could result in a material charge or otherwise adversely affect our financial condition. These programs are ongoing, and while we believe the cost and fee estimates incorporated in the financial statements are appropriate, the technical complexity of these programs creates financial risk as additional completion costs may become necessary or scheduled delivery dates could be extended, which could trigger termination provisions, the loss of satellite in-orbit incentive payments, or other financially significant exposure. These programs have risk for reach-forward losses if our estimated costs exceed our estimated contract revenues.

Global Services**Results of Operations***(Dollars in millions)*

	Three months ended March 31	
	2020	2019
Revenues	\$4,628	\$4,619
Earnings from operations	\$708	\$653
Operating margins	15.3%	14.1%

Revenues

BGS revenues for the three months ended March 31, 2020 increased by \$9 million compared with the same period in 2019 primarily due to higher government services revenue offset by lower commercial parts revenue. The favorable impact of cumulative contract catch-up adjustments for the three months ended March 31, 2020 was \$64 million lower than the comparable period in the prior year. We expect the impacts of the COVID-19 pandemic to reduce BGS commercial revenues in future quarters until the commercial airline industry environment recovers.

Earnings From Operations

BGS earnings from operations for the three months ended March 31, 2020 increased by \$55 million compared with the same period in 2019 primarily due to favorable government services performance. The favorable impact of cumulative contract catch-up adjustments for the three months ended March 31, 2020 was \$42 million lower than the comparable period in the prior year. We expect the impacts of the COVID-19 pandemic to reduce future earnings until the commercial airline industry environment recovers.

Backlog

Total backlog of \$22,747 million at March 31, 2020 was largely unchanged from December 31, 2019.

Boeing Capital**Results of Operations***(Dollars in millions)*

	Three months ended March 31	
	2020	2019
Revenues	\$65	\$66
Earnings from operations	\$24	\$20
Operating margins	37%	30%

Revenues

BCC segment revenues consist principally of lease income from equipment under operating lease, interest income from financing receivables and notes, and other income. BCC's revenues for the three months ended March 31, 2020 were largely consistent with the same period in 2019.

Earnings From Operations

BCC's earnings from operations are presented net of interest expense, provision for (recovery of) losses, asset impairment expense, depreciation on leased equipment and other operating expenses. Earnings from operations for the three months ended March 31, 2020 increased compared with the same period in 2019 primarily due to lower interest expenses, as well as lower operating expenses.

Financial Position

The following table presents selected financial data for BCC:

<i>(Dollars in millions)</i>	March 31 2020	December 31 2019
Customer financing and investment portfolio, net	\$2,210	\$2,251
Other assets, primarily cash and short-term investments	575	535
Total assets	\$2,785	\$2,786
Other liabilities, primarily deferred income taxes	\$410	\$432
Debt, including intercompany loans	1,961	1,960
Equity	414	394
Total liabilities and equity	\$2,785	\$2,786
Debt-to-equity ratio	4.7-to-1	5.0-to-1

BCC's customer financing and investment portfolio at March 31, 2020 decreased from December 31, 2019 primarily due to \$61 million of note payoffs and portfolio run-off, partially offset by new volume.

BCC enters into certain transactions with Boeing, reflected in Unallocated items, eliminations and other, in the form of intercompany guarantees and other subsidies that mitigate the effects of certain credit quality or asset impairment issues on the BCC segment.

Aircraft subject to leases with a carrying value of approximately \$65 million are scheduled to be returned off lease in the next 12 months. We are seeking to remarket these aircraft or have the leases extended.

Liquidity and Capital Resources**Cash Flow Summary***(Dollars in millions)*

	Three months ended March 31	
	2020	2019
Net (loss)/earnings	(\$641)	\$2,149
Non-cash items	680	817
Changes in working capital	(4,341)	(178)
Net cash (used)/provided by operating activities	(4,302)	2,788
Net cash used by investing activities	(379)	(767)
Net cash provided/(used) by financing activities	10,280	(2,823)
Effect of exchange rate changes on cash and cash equivalents	(47)	1
Net increase/(decrease) in cash & cash equivalents, including restricted	5,552	(801)
Cash & cash equivalents, including restricted, at beginning of year	9,571	7,813
Cash & cash equivalents, including restricted, at end of period	\$15,123	\$7,012

Operating Activities Net cash used by operating activities was \$4.3 billion during the three months ended March 31, 2020, compared with cash provided of \$2.8 billion during the same period in 2019. The decrease in operating cash flows primarily reflects the impacts of the 737 MAX grounding and related production suspension, lower deliveries and suspension of certain production operations resulting from COVID-19, higher inventory and lower advances and progress payments. Compensation payments to 737 MAX customers totaled \$0.7 billion during the first quarter of 2020. We are taking a number of actions to improve our liquidity which are described below, however the impacts of the COVID-19 pandemic and the 737 MAX grounding are expected to continue to have a significant negative impact on our operating cash flows during 2020.

Investing Activities Cash used by investing activities was \$0.4 billion during the three months ended March 31, 2020, compared with \$0.8 billion during the same period in 2019, primarily due to lower cash paid for acquisitions, lower net contributions to investments and lower capital expenditures in 2020. In the three months ended March 31, 2020 and 2019, capital expenditures totaled \$0.4 billion and \$0.5 billion. We now expect capital expenditures in 2020 to be lower than 2019.

Financing Activities Cash provided by financing activities was \$10.3 billion during the three months ended March 31, 2020 compared with cash used of \$2.8 billion during the same period in 2019, primarily reflecting higher net borrowings and lower share repurchases. During the three months ended March 31, 2020, new borrowings net of repayments were \$11.6 billion compared with \$0.9 billion in the same period in 2019, primarily due to \$13.8 billion of new borrowings under a two-year delayed draw term loan agreement entered into in the first quarter of 2020. We expect to obtain additional financing to fund our operations and obligations as they become due in 2020. For further discussion see Liquidity Matters in Note 1 to our Condensed Consolidated Financial Statements.

As of March 31, 2020, the total debt balance was \$38.9 billion up from \$27.3 billion at December 31, 2019. At March 31, 2020, \$5.2 billion of debt was classified as short-term. Debt, including intercompany loans, attributable to BCC totaled \$2.0 billion, of which \$0.3 billion was classified as short-term.

During the three months ended March 31, 2020 we did not repurchase any shares through our open market share repurchase program compared to share repurchases of \$2.3 billion in the same period in 2019. Share repurchases under this plan had been suspended since April 2019. In March 2020, the Board of Directors terminated its prior authorization to repurchase shares of the Company's outstanding common stock.

During the three months ended March 31, 2020 and 2019, we paid dividends of \$1.2 billion. In March 2020, the Company announced that our dividend will be suspended until further notice.

Capital Resources The impacts of the COVID-19 pandemic and 737 MAX grounding are having a significant negative impact on our liquidity and ongoing operations and creating significant uncertainty. For further discussion see Liquidity Matters in Note 1 to our Condensed Consolidated Financial Statements.

In the first quarter of 2020, we entered into and have fully drawn on a \$13.8 billion, two-year delayed draw term loan agreement. Currently, we have \$9.6 billion of unused borrowing capacity on revolving credit line agreements. We anticipate that these credit lines will primarily serve as backup liquidity to support our general corporate borrowing needs.

Any future borrowings may affect our credit ratings and are subject to various debt covenants. At March 31, 2020, we were in compliance with the covenants for our debt and credit facilities. The most restrictive covenants include a limitation on mortgage debt and sale and leaseback transactions as a percentage of consolidated net tangible assets (as defined in the credit agreements), and a limitation on consolidated debt as a percentage of total capital (as defined). When considering debt covenants, we continue to have substantial borrowing capacity.

Financing commitments totaled \$13.2 billion and \$13.4 billion at March 31, 2020 and December 31, 2019. The decrease primarily relates to financing commitment expirations. We anticipate that we will not be required to fund a significant portion of our financing commitments as we continue to work with third party financiers to provide alternative financing to customers. Historically, we have not been required to fund significant amounts of outstanding commitments. However, there can be no assurances that we will not be required to fund greater amounts than historically required.

For discussion regarding Embraer see Note 2 to our Condensed Consolidated Financial Statements.

Off-Balance Sheet Arrangements

We are a party to certain off-balance sheet arrangements including certain guarantees. For discussion of these arrangements, see Note 12 to our Condensed Consolidated Financial Statements.

Contingent Obligations

We have significant contingent obligations that arise in the ordinary course of business, which include the following:

Legal Various legal proceedings, claims and investigations are pending against us. Legal contingencies are discussed in Note 19 to our Condensed Consolidated Financial Statements.

Environmental Remediation We are involved with various environmental remediation activities and have recorded a liability of \$568 million at March 31, 2020. For additional information, see Note 11 to our Condensed Consolidated Financial Statements.

Non-GAAP Measures

Core Operating Earnings, Core Operating Margin and Core Earnings Per Share

Our unaudited condensed consolidated interim financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) which we supplement with certain non-GAAP financial information. These non-GAAP measures should not be considered in isolation or as a substitute for the related GAAP measures, and other companies may define such measures differently. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Core operating earnings, core operating margin and core earnings per share exclude the FAS/CAS service cost adjustment. The FAS/CAS service cost adjustment represents the difference between the FAS pension and postretirement service costs calculated under GAAP and costs allocated to the business segments. Core earnings per share excludes both the FAS/CAS service cost adjustment and non-operating pension and postretirement expenses. Non-operating pension and postretirement expenses represent the components of net periodic benefit costs other than service cost. Pension costs, comprising service and prior service costs computed in accordance with GAAP are allocated to BCA and certain BGS businesses supporting commercial customers. Pension costs allocated to BDS and BGS businesses supporting government customers are computed in accordance with U.S. Government Cost Accounting Standards (CAS), which employ different actuarial assumptions and accounting conventions than GAAP. CAS costs are allocable to government contracts. Other postretirement benefit costs are allocated to all business segments based on CAS, which is generally based on benefits paid.

The Pension FAS/CAS service cost adjustments recognized in (Loss)/earnings from operations were benefits of \$255 million and \$274 million for the three months ended March 31, 2020 and 2019. The non-operating pension expense included in Other income, net were benefits of \$87 million and \$93 million for the three months ended March 31, 2020 and 2019. The benefits in 2020 reflect expected returns in excess of interest cost and amortization of actuarial losses.

For further discussion of pension and other postretirement costs see the Management's Discussion and Analysis on page 36 of this Form 10-Q and on page 48 of our 2019 Annual Report on Form 10-K. Management uses core operating earnings, core operating margin and core earnings per share for purposes of evaluating and forecasting underlying business performance. Management believes these core earnings measures provide investors additional insights into operational performance as unallocated pension and other postretirement benefit costs primarily represent costs driven by market factors and costs not allocable to U.S. government contracts.

Reconciliation of GAAP Measures to Non-GAAP Measures

The table below reconciles the non-GAAP financial measures of core operating earnings, core operating margin and core earnings per share with the most directly comparable GAAP financial measures of earnings from operations, operating margins and diluted earnings per share.

<i>(Dollars in millions, except per share data)</i>	Three months ended March 31	
	2020	2019
Revenues	\$16,908	\$22,917
(Loss)/earnings from operations, as reported	(\$1,353)	\$2,350
Operating margins	(8.0)%	10.3%
Pension FAS/CAS service cost adjustment ⁽¹⁾	(\$255)	(\$274)
Postretirement FAS/CAS service cost adjustment ⁽¹⁾	(92)	(90)
FAS/CAS service cost adjustment ⁽¹⁾	(\$347)	(\$364)
Core operating (loss)/earnings (non-GAAP)	(\$1,700)	\$1,986
Core operating margins (non-GAAP)	(10.1)%	8.7%
Diluted (loss)/earnings per share, as reported	(\$1.11)	\$3.75
Pension FAS/CAS service cost adjustment ⁽¹⁾	(0.45)	(0.48)
Postretirement FAS/CAS service cost adjustment ⁽¹⁾	(0.16)	(0.16)
Non-operating pension expense ⁽²⁾	(0.16)	(0.16)
Non-operating postretirement expense ⁽²⁾	0.02	0.05
Provision for deferred income taxes on adjustments ⁽³⁾	0.16	0.16
Core (loss)/earnings per share (non-GAAP)	(\$1.70)	\$3.16
Weighted average diluted shares (in millions)	565.9	572.4

⁽¹⁾ FAS/CAS service cost adjustment represents the difference between the FAS pension and postretirement service costs calculated under GAAP and costs allocated to the business segments. This adjustment is excluded from Core operating earnings (non-GAAP).

⁽²⁾ Non-operating pension and postretirement expenses represent the components of net periodic benefit costs other than service cost. These expenses are included in Other income, net and are excluded from Core earnings per share (non-GAAP).

⁽³⁾ The income tax impact is calculated using the U.S. corporate statutory tax rate.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have financial instruments that are subject to interest rate risk, principally fixed- and floating-rate debt obligations, and customer financing assets and liabilities. The investors in our fixed-rate debt obligations do not generally have the right to demand we pay off these obligations prior to maturity. Therefore, exposure to interest rate risk is not believed to be material for our fixed-rate debt. In the first quarter of 2020, we entered into a \$13.8 billion two-year delayed draw floating-rate term loan credit agreement. An increase or decrease of 100 basis points in interest rates on this floating-rate debt would increase or decrease our pre-tax earnings by \$138 million over the next 12 months. Historically, we have not experienced material gains or losses on our customer financing assets and liabilities due to interest rate changes.

There have been no significant changes to our foreign currency exchange rate or commodity price risk since December 31, 2019.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of March 31, 2020 and have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting.

There were no changes that occurred during the first quarter of 2020 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Currently, we are involved in a number of legal proceedings. For a discussion of contingencies related to legal proceedings, see Note 19 to our Condensed Consolidated Financial Statements, which is hereby incorporated by reference.

Item 1A. Risk Factors

Certain risks described below update the risk factors in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2019.

We face significant risks related to the spread of the novel coronavirus (“COVID-19”) and the recent developments surrounding the global pandemic have had, and will continue to have, significant effects on our business, financial condition, results of operations, and cash flows. These risks include impacts attributable to the suspension of operations at several of our production sites and potential limits on our near-term access to liquidity due to challenges in the credit markets. We also face significant risks related to the global economic downturn and severe reduction in commercial air traffic caused by the pandemic. These risks include materially reduced demand for our products and services, increased instability in our supply chain, and challenges to the ongoing viability of some of our customers. We may face similar risks in connection with any future public health crises.

The COVID-19 pandemic has subjected our business, operations, financial performance, cash flows and financial condition to a number of risks, including, but not limited to those discussed below.

Operations-related risks: As a result of the COVID-19 pandemic, we are facing increased operational challenges from the need to protect employee health and safety, production site shutdowns, workplace disruptions and restrictions on the movement of people, raw materials and goods, both at our own facilities and at our customers and suppliers. In particular, we have suspended operations in Puget Sound and South Carolina as well as at several other key production sites. We have not previously experienced a complete suspension of our operations at these production sites and we are unable to predict when operations will fully resume or what the ongoing impact of COVID-19-related operating restrictions will be. For example, even at production facilities that remain open, we may experience additional operating costs due to social distancing requirements or other factors related to COVID-19 restrictions. Our ability to predict the impact of the suspension on our business, operations, financial performance and financial condition is uncertain. We consult regularly with relevant federal, state, and municipal health authorities regarding the COVID-19 pandemic, and we may suspend operations at additional production sites based on their recommendations and/or workplace disruptions caused by COVID-19.

Many of our suppliers have also suspended operations, and may experience additional disruptions in the coming months. These actions have significantly increased the costs required to meet our contractual commitments, and have had, and will likely continue to have, severe adverse impacts on our delivery schedule in future periods and our ability to provide services to our customers and make progress on key development programs. The ultimate significance of these disruptions to our business, financial condition, results of operations, and cash flows will depend greatly on how long the disruptions continue.

Any prolonged suspension of operations or delayed recovery in our operations, and/or any similar delay with respect to resumption of operations by one or more of our key suppliers, or the failure of any of our key suppliers, would result in further challenges to our business, leading to a further material adverse effect on our business, financial condition, results of operations, and cash flows.

Liquidity- and funding-related risks: The COVID-19 pandemic has also had a significant impact on, and created significant uncertainty regarding, our liquidity. During the first quarter of 2020, net cash used by operating activities was \$4.3 billion. At March 31, 2020, cash and short-term investments totaled \$15.5 billion. Our debt balance totaled \$38.9 billion at March 31, 2020, up from \$27.3 billion at December 31, 2019. We expect negative operating cash flows in future quarters until deliveries resume and ramp up, and we will

need to obtain additional financing in order to fund our operations and obligations. Due to uncertainty related to COVID-19 and its impact on us and the aerospace industry, and the volatility in the capital markets generally, access to credit markets may be reduced and we may have difficulty obtaining financing on terms acceptable to us or at all. In addition, certain of our customers may also be unable to make timely payments to us. We are currently considering a range of options to provide us with additional liquidity, such as additional issuances of public debt and/or various forms of debt supported by the U.S. Treasury Department or Federal Reserve System. However, a number of factors could make it difficult for us to obtain sufficient funding from these and/or other sources in order to support our operations. These factors include further disruptions in the global capital markets, a lack of access to U.S. government-backed funding, and/or continued declines in our financial performance, outlook or credit ratings. The occurrence of any or all of these events would be expected to adversely affect our ability to fund our operations and contractual commitments. In addition, downgrades in our credit ratings could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets, and a significant downgrade could have an adverse impact on our businesses.

Customer-related risks: Commercial air traffic has fallen dramatically due to the COVID-19 pandemic. While this trend has impacted passenger traffic most severely, near-term cargo traffic has also fallen significantly due to the global economic downturn and the reduction in cargo capacity on passenger airplanes. Most airlines have significantly reduced their capacity, and many could implement further reductions in the near future. These capacity changes are causing, and are expected to continue to cause, negative impacts to our customers' revenue, earnings, and cash flow, and in some cases may threaten the future viability of some of our customers, potentially causing defaults within our customer financing portfolio, which was \$2.3 billion as of March 31, 2020 and/or requiring us to remarket aircraft currently in backlog. Our customers may also lack sufficient liquidity to purchase new aircraft due to impacts from the pandemic. We are also observing a significant increase in the number of requests for payment deferrals, contract modifications, lease restructurings and similar actions, and these trends may lead to additional charges, impairments and other adverse financial impacts in our business over time.

In addition to the near-term impact, there is risk that the industry implements longer-term strategies involving reduced capacity, shifting route patterns, and mitigation strategies related to impacts from COVID-19 and the risk of future public health crises. As a result, there is significant uncertainty with respect to when commercial air traffic levels will begin to recover, and whether and at what point capacity will return to and/or exceed pre-COVID-19 levels. The COVID-19 outbreak also has increased, and its aftermath is also expected to continue to increase uncertainty with respect to global trade volumes, putting significant negative pressure on cargo traffic. Any of these factors would have a significant impact on the demand for both single-aisle and wide-body commercial aircraft, as well as for the services we provide to commercial airlines. In addition, a lengthy period of reduced industry-wide demand for commercial aircraft would put additional pressure on our suppliers, resulting in increased procurement costs and/or additional supply chain disruption. To the extent that the COVID-19 outbreak or its aftermath further impacts demand for our products and services or impairs the viability of some of our customers and/or suppliers, our financial condition, results of operations, and cash flows could be adversely affected, and those impacts could be material.

Other risks: The magnitude and duration of the global COVID-19 pandemic is uncertain. As the pandemic continues to adversely affect our business and operating and financial results, it also is expected to have the effect of heightening many of the other risks described in the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2019. Further, the COVID-19 pandemic may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not expect to present significant risks to our operations or financial results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Issuer Purchases of Equity Securities**

The following table provides information about purchases we made during the quarter ended March 31, 2020 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act:

(Dollars in millions, except per share data)

	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs ⁽²⁾
1/1/2020 thru 1/31/2020	81,079	\$330.51		\$17,349
2/1/2020 thru 2/29/2020	426,048	315.36		17,349
3/1/2020 thru 3/31/2020	5,183	239.83		
Total	512,310	\$316.99		

⁽¹⁾ We purchased 512,310 shares transferred to us from employees in satisfaction of minimum tax withholding obligations associated with the vesting of restricted stock units during the period. We did not purchase any shares of our common stock in the open market pursuant to our repurchase program or in swap transactions.

⁽²⁾ On March 21, 2020, the Board of Directors terminated its prior authorization to repurchase shares of the Company's outstanding common stock. Share repurchases under this plan had been suspended since April 2019.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

3.2	By-Laws of The Boeing Company, as amended and restated effective March 19, 2020 (Exhibit 3.2 to the Company's Current Report on Form 8-K dated March 16, 2020)
10.1*	The Boeing Company 2003 Incentive Stock Plan, as amended and restated February 24, 2020
10.2*	The Boeing Company Annual Incentive Plan, as amended and restated February 24, 2020
10.3*	Form of Notice of Terms of Performance-Based Restricted Stock Units
10.4*	Form of Performance Award Notice
10.5*	Form of Notice of Terms of Restricted Stock Units
10.6*	Form of International Notice of Terms of Performance-Based Restricted Stock Units
10.7*	Form of International Performance Award Notice
10.8*	Form of International Notice of Terms of Restricted Stock Units
10.9*	Notice of Terms of Supplemental Restricted Stock Units, dated February 24, 2020 (Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 23, 2020)
10.10*	Notice of Terms of Supplemental Performance-Based Restricted Stock Units, dated February 24, 2020 (Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 23, 2020)
10.11	Term Loan Credit Agreement, dated as of February 6, 2020 (Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 6, 2020)
15	Letter from Independent Registered Public Accounting Firm regarding unaudited interim financial information
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, has been formatted in Inline XBRL.

* Management contract or compensatory plan

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE BOEING COMPANY

(Registrant)

April 29, 2020

(Date)

/s/ Robert E. Verbeck

Robert E. Verbeck – Senior Vice President, Finance and Corporate
Controller

The Boeing Company 2003 Incentive Stock Plan
(As Amended and Restated Effective February 24, 2020)

Section 1. Purpose of the Plan

The purpose of The Boeing Company 2003 Incentive Stock Plan, as amended and restated (the “Plan”), is to attract, retain and motivate employees, officers, directors, consultants, agents, advisors and independent contractors of The Boeing Company (the “Company”) and to align their interests and efforts to the long-term interests of the Company’s shareholders.

Section 2. Definitions

As used in the Plan,

“**Adjusted Operating Cash Flow**” means the net cash provided by operating activities of the Company as reported in the Company’s consolidated statements of cash flows included in its Annual Report on Form 10-K, adjusted to eliminate the effect on operating cash flows of net customer financing cash flows, as reported in the Company’s consolidated statements of cash flows included in its Annual Report on Form 10-K.

“**Authorized Officer**” means the Company’s senior vice president of human resources, the Company’s vice president of compensation and benefits or any other officer of the Company as may be designated by the Committee.

“**Award**” means an award or grant made to a Participant under Sections 7, 8, 9, 10, and/or 11 of the Plan, including awards or grants made prior to the Shareholder Approval Effective Date.

“**Board**” means the Board of Directors of the Company.

“**Corporate Transaction**” has the meaning set forth in Section 14.3.

“**Corporate Transaction Price**” has the meaning set forth in Section 14.3.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Committee**” has the meaning set forth in Section 3.2.

“**Common Stock**” means the common stock, par value \$5.00 per share, of the Company.

“**Disability**” means “Disability” as defined by the Committee or an Authorized Officer for purposes of the Plan or an Award or in the instrument evidencing the Award or in a written employment or services agreement between the Participant and the Company or a Related Company.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“**Fair Market Value**” means the average of the high and low per share trading prices (or the average of the opening and closing prices, or the closing price, if so determined by the Committee) for the Common Stock on the New York Stock Exchange during regular session trading as reported by The Wall Street Journal or such other source the Committee deems reliable for a single trading day. The Committee may vary its determination of the Fair Market Value as provided in this Section 2 depending on whether Fair Market Value is in reference to the grant, exercise, vesting, settlement or payout of an Award and, for Awards subject to Section 409A, as provided in Section 409A.

“**Grant Date**” means the date on which the Committee completes the corporate action authorizing the grant of an Award or such later date specified by the Committee, provided that conditions to the exercisability or vesting of Awards shall not defer the Grant Date.

“**Incentive Stock Option**” means an Option granted with the intention that it qualify as an “incentive stock option” as that term is defined in Section 422 of the Code or any successor provision.

“**Layoff**” means “Layoff” as defined by the Committee or an Authorized Officer for purposes of the Plan or an Award or in the instrument evidencing the Award or in a written employment or services agreement between the Participant and the Company or a Related Company.

“**Nonqualified Stock Option**” means an Option other than an Incentive Stock Option.

“**Nonrecurring Items**” means nonrecurring items deemed not reflective of the Company’s core operating performance, including, but not limited to, exogenous events, acquisitions, divestitures, changes in accounting principles or “extraordinary items” determined under generally accepted accounting principles.

“Old Plan” means The Boeing Company 1997 Incentive Stock Plan, as amended effective May 1, 2000 and as further amended effective January 1, 2008.

“Option” means a right to purchase Common Stock granted under Section 7.

“Other Cash-Based Award” means an Award granted pursuant to Section 11 and payable in cash at such time or times and subject to such terms and conditions as determined by the Committee in its sole discretion.

“Participant” means any eligible person as set forth in Section 5 to whom an Award is granted.

“Performance Goals” means specified performance targets or goals for a particular Performance Period, which may be based on individual performance, performance of the Company (as a whole or with respect to one or more business units, divisions, acquired businesses, minority investments, partnerships, or joint ventures), and/or other performance criteria including, but not limited to: Adjusted Operating Cash Flow, profits (including, but not limited to, profit growth, net operating profit or economic profit); profit-related return ratios; return measures (including, but not limited to, return on assets, capital, equity or sales); cash flow (including, but not limited to, operating cash flow, free cash flow or cash flow return on capital); earnings (including, but not limited to, net earnings, earnings per share, or earnings before or after taxes); net sales growth; net income (before or after taxes, interest, depreciation and/or amortization); gross or operating margins; productivity ratios; share price (including, but not limited to, growth measures and total shareholder return); expense targets; margins; operating efficiency; customer satisfaction; and working capital targets. Performance Goals and underlying performance criteria may be stated in absolute or relative terms. The Committee shall have the right to specify, at the time Performance Goals or underlying performance criteria are established, that any Performance Goals or underlying performance criteria may be adjusted to exclude the impact of any Nonrecurring Item, where applicable.

“Performance Period” means any period of at least 12 consecutive months as determined by the Committee in its sole discretion. The Committee may establish different Performance Periods for different Participants, and the Committee may establish concurrent or overlapping Performance Periods.

“Performance Share,” “Performance Restricted Stock” or “Performance Restricted Stock Unit” has the meaning set forth in Section 10.1.

“Performance Unit” has the meaning set forth in Section 10.2.

“Related Company” means any corporation in which the Company owns, directly or indirectly, at least 50% of the total combined voting power of all classes of stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company owns, directly or indirectly, at least 50% of the combined equity thereof. Notwithstanding the foregoing, for purposes of determining whether any individual may be a Participant for purposes of any grant of Incentive Stock Options, the term “Related Company” shall have the meaning ascribed to the term “subsidiary” in Section 424(f) of the Code, and for purposes of determining whether any individual may be a Participant for purposes of any grant of Options or Stock Appreciation Rights, the term “Related Company” shall mean any “Service Recipient” as that term is defined for purposes of Section 409A.

“Restricted Stock” means an Award of shares of Common Stock granted under Section 9, the rights of ownership of which may be subject to restrictions prescribed by the Committee.

“Retirement” means “Retirement” as defined by the Committee or an Authorized Officer for purposes of the Plan or an Award or in the instrument evidencing the Award or in a written employment or services agreement between the Participant and the Company or a Related Company.

“Section 409A” means Section 409A of the Code, or any successor provision, including any proposed and final regulations and other guidance issued thereunder by the Department of the Treasury and/or the Internal Revenue Service.

“Securities Act” means the Securities Act of 1933, as amended from time to time.

“Shareholder Approval Effective Date” means April 28, 2014, the date the Plan was approved by the holders of shares of Common Stock entitled to vote at the 2014 annual meeting of shareholders of the Company.

“Stock Appreciation Right” or “SAR” has the meaning set forth in Section 8.1.

“Stock Unit” means an Award granted under Section 9 denominated in units of Common Stock.

“Substitute Awards” means Awards granted or shares of Common Stock issued by the Company in assumption of, or in substitution or exchange for, awards previously granted by a company acquired by the Company or any Related Company or with which the Company or any Related Company combines.

“Termination of Service,” unless otherwise defined by the Committee, an Authorized Officer or in the instrument evidencing the Award or in a written employment or services agreement between the Participant and the Company or a Related Company, means a termination of employment or service relationship with the Company or a Related Company for any reason, whether voluntary or involuntary, including by reason of death, Disability, Retirement or Layoff. Any question as to whether and when there has been a Termination of Service for the purposes of an Award and the cause of such Termination of Service shall be determined by an Authorized Officer or by the Committee with respect to officers subject to the reporting requirements of Section 16(a) of the Exchange Act, and any such determination shall be final. Transfer of a Participant’s employment or service relationship between wholly owned subsidiaries of the Company, or between the Company and any wholly owned subsidiary of the Company, shall not be considered a Termination of Service for purposes of an Award. Unless the Committee determines otherwise, a Termination of Service shall be deemed to occur if the Participant’s employment or service relationship is with an entity that has ceased to be a Related Company.

Section 3. Administration

3.1 Administration of the Plan

The Plan shall be administered by the Compensation Committee of the Board; provided, however, that with respect to nonemployee directors, the Plan shall be administered by the Governance, Organization and Nominating Committee of the Board unless otherwise determined by the Board. Each such committee shall be comprised of at least three directors, each of whom shall qualify as an “independent director” as defined under the New York Stock Exchange listing standards and a “nonemployee director” as defined in Rule 16b-3 promulgated under the Exchange Act. However, the fact that a Committee member shall fail to qualify under the foregoing requirements shall not invalidate any Award made by the Committee which is otherwise validly made under the Plan.

3.2 Delegation by Committee

Notwithstanding the foregoing, the Board or the Committee may delegate responsibility for administering the Plan with respect to designated classes of eligible persons to different committees consisting of one or more members of the Board, subject to such limitations as the Board or the Compensation Committee deems appropriate, except with respect to benefits to nonemployee directors and to officers subject to Section 16 of the Exchange Act. Members of any committee shall serve for such term as the Board may determine, subject to removal by the Board at any time. To the extent consistent with applicable law, the Board or the Committee may authorize one or more officers of the Company to grant Awards to designated classes of eligible persons, within limits specifically prescribed by the Board or the Committee; provided, however, that no such officer shall have or obtain authority to grant Awards to himself or herself or to any officer subject to Section 16 of the Exchange Act. All references in the Plan to the “Committee” shall be, as applicable, to the Compensation Committee, the Governance, Organization and Nominating Committee or any other committee or any officer to whom the Board or the Compensation Committee has delegated authority to administer the Plan.

3.3 Administration and Interpretation by Committee

Except for the terms and conditions explicitly set forth in the Plan, the Committee shall have full power and exclusive authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to (a) select the eligible persons as set forth in Section 5 to whom Awards may from time to time be granted under the Plan; (b) determine the type or types of Award to be granted under the Plan; (c) determine the number of shares of Common Stock to be covered by each Award granted under the Plan; (d) determine the terms and conditions of any Award granted under the Plan; (e) approve the forms of agreements for use under the Plan; (f) determine whether, to what extent and under what circumstances Awards may be settled in cash, shares of Common Stock or other property or canceled or suspended; (g) determine whether, to what extent and under what circumstances cash, shares of Common Stock, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant, subject to Section 409A and in accordance with Section 6.3; (h) interpret and administer the Plan and any instrument or agreement entered into under the Plan; (i) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (j) delegate ministerial duties to such of the Company’s officers as it so determines; (k) amend Section 16.1 in order to comply with Section 10D of the Exchange Act (as determined by the applicable rules and regulations promulgated thereunder from time to time by the U.S. Securities and Exchange Commission); and (l) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan. Decisions of the Committee shall be final, conclusive and binding on all persons, including the Company, any Participant, any shareholder and any eligible person. A majority of the members of the Committee may determine its actions and fix the time and place of its meetings.

Section 4. Shares Subject to the Plan

4.1 Authorized Number of Shares

(a) The aggregate number of shares of Common Stock in respect of which Awards (or dividends or dividend equivalents pursuant to Awards) may be granted or paid out under the Plan, subject to adjustment as provided in Section 4.2 and Section 14, shall not exceed 80.0 million shares, plus the aggregate number of shares of Common Stock described in Section 4.1(b).

(b) Shares of Common Stock that as of the Shareholder Approval Effective Date have not been issued under the Old Plan, and are not covered by outstanding awards under such plan granted on or before the Shareholder Approval Effective Date, shall be available for Awards under the Plan in an amount not to exceed 7.0 million shares of Common Stock in the aggregate.

(c) Common Stock which may be issued under the Plan may be either authorized and unissued shares or issued shares which have been reacquired by the Company (in the open-market or in private transactions) and which are being held as treasury shares. No fractional shares of Common Stock shall be issued under the Plan, and the Committee shall determine the manner in which fractional share value shall be treated.

(d) In the event of a change in the Common Stock of the Company that is limited to a change in the designation thereof to "Capital Stock" or other similar designation, or to a change in the par value thereof, or from par value to no par value, without increase or decrease in the number of issued shares, the shares resulting from any such change shall be deemed to be Common Stock for purposes of the Plan.

4.2 Share Usage

(a) Shares of Common Stock covered by an Award shall not be counted as used unless and until they are actually issued and delivered to a Participant. Any shares of Common Stock that are subject to Awards that expire or lapse or are forfeited, surrendered, cancelled, terminated, settled in cash in lieu of Common Stock or are issued and thereafter reacquired by the Company shall again be available for Awards under the Plan, to the extent of such expiration, lapse, forfeiture, surrender, cancellation, termination, settlement or reacquisition of such Awards (as may be adjusted pursuant to Section 14). The following shares of Common Stock shall not be treated as having been issued under the Plan: (i) shares tendered by a Participant or retained by the Company as full or partial payment to the Company for the purchase price of an Award or to satisfy any minimum statutorily required taxes that the Company is required by applicable federal, state, local or foreign law to withhold with respect to the grant, vesting or exercise of an Award ("tax withholding obligations"), (ii) shares covered by an Award that is settled in cash, (iii) the number of shares subject to a SAR in excess of the number of shares that are delivered to the Participant upon exercise of the SAR, or (iv) shares issued pursuant to Substitute Awards.

(b) The Committee shall have the authority to grant Awards as an alternative to or as the form of payment for grants or rights earned or due under other compensation plans or arrangements of the Company.

4.3 Maximum Awards

The maximum Common Stock amounts in this Section 4.3 are subject to adjustment under Section 14 and are subject to the Plan maximum set forth in Section 4.1.

(a) Options and Stock Appreciation Rights. The aggregate number of shares of Common Stock that may be subject to Options or Stock Appreciation Rights granted to any Participant in any calendar year under the Plan shall not exceed 2.0 million shares of Common Stock.

(b) Performance Shares and Performance Restricted Stock or Units; Performance Units; Other Cash-Based Awards. The grant date value of Awards of Performance Shares, Performance Restricted Stock, Performance Restricted Stock Units, Performance Units, or other Cash-Based Awards granted to any single Participant in any calendar year shall not exceed in the aggregate the value of 1.0 million shares of Common Stock (determined as of the applicable Award grant dates).

(d) Limits on Awards to Nonemployee Directors. The aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of all Awards granted to any nonemployee director in any calendar year (excluding Awards made pursuant to deferred compensation arrangements in lieu of all or a portion of cash retainers) shall not exceed \$1.0 million.

(e) Awards with No Restrictions. The aggregate number of shares of Common Stock that may be issued pursuant to Awards granted under the Plan (other than Awards of Options or Stock Appreciation Rights or dividends or dividend equivalents credited in connection with vested Awards) that contain no restrictions or restrictions based solely on continuous employment or services for less than three years (except where Termination of Service occurs by reason of death, Retirement,

Disability or Layoff) shall not exceed 4.0 million shares of Common Stock.

(f) Incentive Stock Options. The aggregate number of shares of Common Stock that may be subject to Incentive Stock Options granted under the Plan shall not exceed 2.0 million shares of Common Stock.

Section 5. Eligibility

An Award may be granted to any employee, officer or director of the Company or a Related Company whom the Committee from time to time selects. An Award may also be granted to any consultant, agent, advisor or independent contractor who is a natural person and who provides bona fide services to the Company or any Related Company. The above are "eligible persons."

Section 6. Awards

6.1 Form and Grant of Awards

The Committee shall have the authority, in its sole discretion, to determine the type or types of Awards to be granted under the Plan. Such Awards may be granted either alone, in addition to or in tandem with any other type of Award.

6.2 Evidence of Awards

Awards granted under the Plan shall be evidenced by a written instrument that shall contain such terms, conditions, limitations and restrictions as the Committee shall deem advisable and that are not inconsistent with the Plan.

6.3 Deferrals

The Committee may permit a Participant to defer receipt of the payment of any Award. If any such deferral election is permitted, the Committee, in its sole discretion, shall establish rules and procedures for such payment deferrals, which may include the grant of additional Awards or provisions for the payment or crediting of interest or dividend equivalents, including converting such credits to deferred stock unit equivalents. The value of the payment so deferred may be allocated to a deferred account established for a Participant under any deferred compensation plan of the Company designated by the Committee. Notwithstanding the foregoing, any deferral made under this Section 6.3 will be made under a deferred compensation plan of the Company or pursuant to the terms of an employment agreement, either of which satisfies the requirements for exemption from or complies with Section 409A.

6.4 Dividends and Distributions

Participants holding Awards may, if the Committee so determines, be credited with dividends paid with respect to the underlying shares or dividend equivalents while the Awards are so held in a manner determined by the Committee in its sole discretion. The Committee may apply any restrictions to the dividends or dividend equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or dividend equivalents, including cash, shares of Common Stock, Restricted Stock or Stock Units. Dividends and dividend equivalents that may be paid under any awards outstanding under the Old Plan as of the Shareholder Approval Effective Date shall be granted pursuant to Section 11 below. Notwithstanding the foregoing, (a) the right to any dividends or dividend equivalents declared and paid on the number of shares underlying an Option or a Stock Appreciation Right may not be contingent, directly or indirectly on the exercise of the Option or a Stock Appreciation Right, and an Award providing a right to dividends or dividend equivalents declared and paid on the number of shares underlying an Option or a Stock Appreciation Right, the payment of which is not contingent upon, or otherwise payable on, the exercise of the Option or a Stock Appreciation Right, must comply with or qualify for an exemption under Section 409A and (b) dividend equivalents credited in connection with an Award that vests based on the achievement of Performance Goals shall be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such dividend equivalents have been credited.

Section 7. Options

7.1 Grant of Options

The Committee may grant Options designated as Incentive Stock Options or Nonqualified Stock Options.

7.2 Option Exercise Price; Repricing Prohibition

The exercise price for shares purchased under an Option shall be as determined by the Committee, but shall not be less than 100% of the Fair Market Value of the Common Stock for the Grant Date, except in the case of Substitute Awards. In no event shall the Committee, without the prior approval of the Company's shareholders, (a) cancel any outstanding Option for the purpose of reissuing the Option to the Participant at a lower exercise price, (b) exchange any outstanding Option for cash, another Award, or an Option or Stock Appreciation Right with an exercise or grant price that is less than the exercise price of the cancelled Option, (c) reduce the exercise price of an outstanding Option, or (d) take any other action that would be a "repricing" of the Option.

7.3 Term of Options

Subject to earlier termination in accordance with the terms of the Plan and the instrument evidencing the Option, the maximum term of an Option shall be ten years from the Grant Date.

7.4 Exercise of Options

The Committee shall establish and set forth in each instrument that evidences an Option the time at which, or the installments in which, the Option shall vest and become exercisable, any of which provisions may be waived or modified by the Committee at any time.

To the extent an Option has vested and become exercisable, the Option may be exercised in whole or from time to time in part by delivery as directed by the Company to the Company or a brokerage firm designated or approved by the Company of a written stock option exercise agreement or notice, in a form and in accordance with procedures established by the Committee, setting forth the number of shares with respect to which the Option is being exercised, the restrictions imposed on the shares purchased under such exercise agreement, if any, and such representations and agreements as may be required by the Committee, accompanied by payment in full as described in Section 7.5. An Option may be exercised only for whole shares and may not be exercised for less than a reasonable number of shares at any one time, as determined by the Committee.

7.5 Payment of Exercise Price

The exercise price for shares purchased under an Option shall be paid in full as directed by the Company to the Company or a brokerage firm designated or approved by the Company by delivery of consideration equal to the product of the Option exercise price and the number of shares purchased. Such consideration must be paid before the Company will issue the shares being purchased and must be in a form or a combination of forms acceptable to the Committee for that purchase, which forms may include: (a) check; (b) wire transfer; (c) tendering by attestation shares of Common Stock already owned by the Participant that on the day prior to the exercise date have a Fair Market Value equal to the aggregate exercise price of the shares being purchased under the Option; (d) to the extent permitted by applicable law, delivery of a properly executed exercise notice, together with irrevocable instructions to a brokerage firm designated or approved by the Company to deliver promptly to the Company the aggregate amount of sale or loan proceeds to pay the Option exercise price and any tax withholding obligations that may arise in connection with the exercise, all in accordance with the regulations of the Federal Reserve Board; or (e) such other consideration as the Committee may permit in its sole discretion.

7.6 Post-Termination Exercise

The Committee shall establish and set forth in each instrument that evidences an Option whether the Option shall continue to be exercisable, and the terms and conditions of such exercise, after a Termination of Service, any of which provisions may be waived or modified by the Committee at any time, provided that any such waiver or modification shall satisfy the requirements for exemption under Section 409A.

7.7 Incentive Stock Options

The terms of any Incentive Stock Options shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision, and any regulations promulgated thereunder. Individuals who are not employees of the Company or one of its parent or subsidiary corporations (as such terms are defined for purposes of Section 422 of the Code) may not be granted Incentive Stock Options. To the extent that the aggregate Fair Market Value of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year exceeds \$100,000 or, if different, the maximum limitation in effect at the time of grant under the Code (the Fair Market Value being determined as of the Grant Date for the Option), such portion in excess of \$100,000 shall be treated as Nonqualified Stock Options. No Incentive Stock Options may be granted more than ten years after the adoption in February 2014 of this amended and restated Plan by the Board.

Section 8. Stock Appreciation Rights

8.1 Grant of Stock Appreciation Rights; SAR Grant Price

The Committee may grant stock appreciation rights ("Stock Appreciation Rights" or "SARs"). A SAR may be granted in tandem with an Option or alone ("freestanding"). The grant price of a tandem SAR shall be equal to the exercise price of the related Option, and the grant price of a freestanding SAR shall be equal to the Fair Market Value of the Common Stock for the Grant Date, except for Substitute Awards. A SAR may be exercised upon such terms and conditions and for the term as the Committee determines in its sole discretion; provided, however, that, subject to earlier termination in accordance with the terms of the Plan and the instrument evidencing the SAR, the term of a freestanding SAR shall be a term not to exceed ten years from the Grant Date as established for that SAR by the Committee or, if not so established, shall be ten years, and in the case of a tandem SAR, (a) the term shall not exceed the term of the related Option and (b) the tandem SAR may be exercised for all or part of the shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option, except that the tandem SAR may be exercised only with respect to the shares for which its related Option is then exercisable.

8.2 Payment of SAR Amount

Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying (a) the difference between the Fair Market Value of the Common Stock for the date of exercise over the grant price by (b) the number of shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment upon exercise of a SAR may be in cash, in shares of equivalent value, in some combination thereof or in any other manner approved by the Committee in its sole discretion.

8.3 Post-Termination Exercise

The Committee shall establish and set forth in each instrument that evidences a freestanding SAR whether the SAR shall continue to be exercisable, and the terms and conditions of such exercise, after a Termination of Service, any of which provisions may be waived or modified by the Committee at any time, provided that any such waiver or modification shall satisfy the requirements for exemption under Section 409A.

8.4 Repricing Prohibition

In no event shall the Committee, without the prior approval of the Company's shareholders, (a) cancel any outstanding SAR for the purpose of reissuing the SAR to the Participant at a lower grant price, (b) exchange any outstanding SAR for cash, another Award, or an Option or Stock Appreciation Right with an exercise or grant price that is less than the grant price of the cancelled SAR, (c) reduce the grant price of an outstanding SAR, or (d) take any other action that would be a "repricing" of the SAR.

Section 9. Restricted Stock and Stock Units

9.1 Grant of Restricted Stock and Stock Units

The Committee may grant Restricted Stock and Stock Units on such terms and conditions and subject to such forfeiture restrictions, if any (which may be based on continuous service with the Company or a Related Company or the achievement of any Performance Goals), as the Committee shall determine in its sole discretion, which terms, conditions and restrictions shall be set forth in the instrument evidencing the Award.

9.2 Issuance of Shares

Upon the satisfaction of any terms, conditions and restrictions prescribed with respect to Restricted Stock or Stock Units, or upon a Participant's release from any terms, conditions and restrictions of Restricted Stock or Stock Units, as determined by the Committee, (a) the shares of Restricted Stock covered by each Award of Restricted Stock shall become freely transferable by the Participant, and (b) Stock Units shall be paid in cash, shares of Common Stock or a combination of cash and shares of Common Stock as the Committee shall determine in its sole discretion.

9.3 Waiver of Restrictions

Notwithstanding any other provisions of the Plan, the Committee, in its sole discretion, may waive the repurchase or forfeiture period and any other terms, conditions or restrictions on any Restricted Stock or Stock Unit under such circumstances and subject to such terms and conditions as the Committee shall deem appropriate.

Section 10. Performance Shares, Performance Restricted Stock or Units, and Performance Units

10.1 Grant of Performance Shares and Performance Restricted Stock or Units

The Committee may grant Awards of performance shares, performance restricted stock and performance restricted stock units ("Performance Shares, "Performance Restricted Stock" or "Performance Restricted Stock Units", as the case may be)

and designate the Participants to whom Performance Shares or Performance Restricted Stock or Units are to be awarded and determine the number of Performance Shares or Performance Restricted Stock or Units, the length of the Performance Period and the other terms and conditions of each such Award. Each Award of Performance Shares or Performance Restricted Stock or Units shall entitle the Participant to a payment in the form of shares of Common Stock upon the achievement of Performance Goals and other terms and conditions specified by the Committee. Notwithstanding the achievement of any Performance Goals, the number of shares issued under an Award of Performance Shares or Performance Restricted Stock or Units may be adjusted on the basis of such further consideration as the Committee shall determine in its sole discretion. The Committee, in its sole discretion, may make a cash payment equal to the Fair Market Value of the Common Stock otherwise required to be issued to a Participant pursuant to an Award of Performance Shares or Performance Restricted Stock or Units.

10.2 Grant of Performance Units

The Committee may grant Awards of performance units ("Performance Units") and designate the Participants to whom Performance Units are to be awarded and determine the number of Performance Units, the length of the Performance Period and the other terms and conditions of each such Award. Each Award of Performance Units shall entitle the Participant to a payment in cash upon the achievement of Performance Goals and other terms and conditions specified by the Committee. Notwithstanding the achievement of any Performance Goals, the amount to be paid under an Award of Performance Units may be adjusted on the basis of such further consideration as the Committee shall determine in its sole discretion. The Committee, in its sole discretion, may substitute shares of Common Stock for the cash payment otherwise required to be made to a Participant pursuant to a Performance Unit.

Section 11. Other Stock or Cash-Based Awards

In addition to the Awards described in Sections 7 through 10, and subject to the terms of the Plan, the Committee may grant other incentives payable in cash or in shares of Common Stock under the Plan as it determines to be in the best interests of the Company and subject to such other terms and conditions as it deems appropriate, including dividends and dividend equivalents that may be paid under any awards outstanding under the Old Plan as of the Shareholder Approval Effective Date.

Section 12. Withholding

The Company may require a Participant to pay to the Company the amount of (a) any tax withholding obligations and (b) any amounts due from the Participant to the Company or to any Related Company ("other obligations"). The Company shall not be required to issue any shares of Common Stock under the Plan until such tax withholding obligations and other obligations are satisfied.

The Committee may permit or require a Participant to satisfy all or part of his or her tax withholding obligations and other obligations by (a) paying cash to the Company, (b) having the Company withhold an amount from any cash amounts otherwise due or to become due from the Company to the Participant, (c) having the Company withhold a number of shares of Common Stock that would otherwise be issued to the Participant (or become vested in the case of Restricted Stock or Performance Restricted Stock) having a Fair Market Value equal to the tax withholding obligations and other obligations, or (d) surrendering a number of shares of Common Stock the Participant already owns having a value equal to the tax withholding obligations and other obligations.

Section 13. Assignability

No Award or Award agreement, and no rights or interests herein or therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged, or otherwise hypothecated or disposed of by a Participant or any beneficiary(ies) of any Participant, except (a) by testamentary disposition by the Participant or the laws of intestate succession and (b) that to the extent permitted by the Committee, in its sole discretion, a Participant may designate one or more beneficiaries on a Company-approved form who may receive payment under an Award after the Participant's death. No such interest shall be subject to execution, attachment or similar legal process, including, without limitation, seizure for the payment of the Participant's debts, judgments, alimony, or separate maintenance. Except as provided in this Section 13, during the lifetime of a Participant, Awards are exercisable only by the Participant or his or her legal representative in the case of physical or mental incapacitation of the Participant as evidenced by legal order.

Section 14. Adjustments

14.1 No Corporate Action Restriction

The existence of the Plan, any Award agreement and/or the Awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize (a) any adjustment, recapitalization, reorganization or other change in the Company's or any subsidiary's capital structure or its business, (b) any merger, consolidation or change in the ownership of the Company or any subsidiary, (c) any issue of bonds, debentures, capital, preferred or prior preference stocks ahead of or affecting the Company's or any subsidiary's capital stock or the

rights thereof, (d) any dissolution or liquidation of the Company or any subsidiary, (e) any sale or transfer of all or any part of the Company's or any subsidiary's assets or business, or (f) any other corporate act or proceeding by the Company or any subsidiary. No Participant, beneficiary or any other person shall have any claim against any member of the Board or the Committee, the Company or any subsidiary, or any employees, officers, shareholders or agents of the Company or any subsidiary, as a result of any such action.

14.2 Recapitalization Adjustments

In the event of a dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property) other than regular cash dividends, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, change in control or exchange of Common Stock or other securities of the Company, or other corporate transaction or event affects the Common Stock such that an adjustment is necessary or appropriate in order to prevent dilution or enlargement of benefits or potential benefits intended to be made available under the Plan, the Board shall equitably adjust (a) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted, (b) the maximum share limitation applicable to each type of Award that may be granted to any individual Participant in any calendar year, (c) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards, and (d) the exercise price with respect to any Option or the grant price with respect to any Stock Appreciation Right.

14.3 Corporate Transactions

If the Company enters into or is involved in any Corporate Transaction, the Board may, prior to such Corporate Transaction and effective upon such Corporate Transaction, take such action as it deems appropriate, including, but not limited to, replacing outstanding Awards with Substitute Awards in respect of the shares, other securities or other property of the surviving corporation or any affiliate of the surviving corporation on such terms and conditions, as to the number of shares, pricing and otherwise, which shall substantially preserve the value, rights and benefits of any affected Awards granted hereunder as of the date of the consummation of the Corporate Transaction. Notwithstanding anything to the contrary in the Plan, if any Corporate Transaction occurs, the Company shall have the right, but not the obligation, to cancel each Participant's Options and/or Stock Appreciation Rights and to pay to each affected Participant in connection with the cancellation of such Participant's Options and/or Stock Appreciation Rights, an amount equal to the excess (if any) of the Corporate Transaction Price (as defined below), as determined by the Board, of the Common Stock underlying any unexercised Options or Stock Appreciation Rights (whether then exercisable or not) over the aggregate exercise price of such unexercised Options and/or Stock Appreciation Rights, and make additional adjustments and/or settlements of other outstanding Awards as it determines to be fair and equitable to affected Participants. Upon receipt by any affected Participant of any such Substitute Award (or payment) as a result of any such Corporate Transaction, such Participant's affected Awards for which such Substitute Awards (or payment) were received shall be thereupon cancelled without the need for obtaining the consent of any such affected Participant.

Subject to the provisions of the preceding paragraph, the Board shall not take any further action that causes any Awards, which are not then exercisable and vested, to automatically become vested and exercisable in connection with a Corporate Transaction under this Section 14.3.

For purposes of the Plan,

(a) "Corporate Transaction" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then-outstanding voting securities; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation or (iv) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

(b) "Corporate Transaction Price" means the highest price per share of Common Stock paid in any transaction related to a Corporate Transaction. To the extent that the consideration paid in any Corporate Transaction consists all or in part of securities or other non-cash consideration, the value of such securities or other non-cash consideration shall be determined in the good-faith discretion of the Board consistent with provisions of Section 409A and/or other applicable law.

Section 15. Amendment and Termination

15.1 Amendment, Suspension or Termination of the Plan

The Board or the Committee may amend, suspend or terminate the Plan or any portion of the Plan at any time and in such respects as it shall deem advisable; provided, however, that, to the extent required by applicable law, regulation or stock exchange rule, shareholder approval shall be required for any amendment to the Plan.

Notwithstanding the foregoing, an amendment that constitutes a "material revision," as defined by the rules of the New York Stock Exchange shall be submitted to the Company's shareholders for approval. In addition, any revision that deletes or limits the scope of the provisions in Sections 7.2 and 8.4 prohibiting repricing of Options or SARs without shareholder approval and any revision that increases the number of shares stated in Section 4.1 as available for issuance under the Plan shall be considered material revisions that require shareholder approval.

15.2 Term of the Plan

Unless sooner terminated as provided herein, the Plan shall terminate ten years from the Shareholder Approval Effective Date. After the Plan is terminated, no future Awards may be granted, but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and the Plan's terms and conditions. Notwithstanding the foregoing, no Incentive Stock Options may be granted more than ten years after the adoption in February 2014 of this amended and restated Plan by the Board.

15.3 Consent of Participant

The amendment, suspension or termination of the Plan or a portion thereof or the amendment of an outstanding Award shall not, without the Participant's consent, materially adversely affect any rights under any Award theretofore granted to the Participant under the Plan. Any change or adjustment to an outstanding Incentive Stock Option shall not, without the consent of the Participant, be made in a manner so as to constitute a "modification" that would cause such Incentive Stock Option to fail to continue to qualify as an Incentive Stock Option. Notwithstanding the foregoing, any adjustments made pursuant to Section 14 shall not be subject to these restrictions.

Section 16. General

16.1 Clawbacks

Awards under the Plan shall be subject to the Clawback Policy as adopted by the Board and as amended from time to time. In addition, subject to applicable local law, or except as otherwise expressly provided pursuant to an applicable Award agreement, Awards granted under the Plan shall be subject to clawback and forfeiture (meaning that the Award must be promptly returned to the Company if already distributed, or that a Participant will lose his or her entitlement to an Award if it has not yet been distributed) in the event a Participant or former Participant engages in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the vesting or receipt of payment of the Award: the Participant (i) pleads or admits to, is convicted of, or is otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engages in competition with any aspect of Company business with which the Participant was involved or about which the Participant gained Company proprietary or confidential information; (iii) induces or attempts to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, the Participant or any third party; (iv) disparages or defames the Company, its products, or its current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) takes, misappropriates, uses, or discloses Company proprietary or confidential information. Clawback can, if applicable and where permitted by applicable local law, be made by deducting payments that will be due in the future (including salary, bonuses, and other forms of compensation). A Participant's acceptance of an Award under the Plan shall constitute such Participant's acknowledgement and recognition that the Participant's compliance with this Section is a condition for the Participant's receipt of the Award. For purposes of this Section, the Company shall include the Company and all Related Companies.

Nothing in this Section 16.1 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.

16.2 No Individual Rights

No individual or Participant shall have any claim to be granted any Award under the Plan, and the Company has no obligation for uniformity of treatment of Participants under the Plan.

Furthermore, nothing in the Plan or any Award granted under the Plan shall be deemed to constitute an employment contract or confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate a Participant's employment or other relationship at any time, with or without cause.

16.3 Issuance of Shares

Notwithstanding any other provision of the Plan, the Company shall have no obligation to issue or deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless, in the opinion of the Company's counsel, such issuance, delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act or the laws of any state or foreign jurisdiction) and the applicable requirements of any securities exchange or similar entity.

The Company shall be under no obligation to any Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under the laws of any state or foreign jurisdiction, any shares of Common Stock, security or interest in a security paid or issued under, or created by, the Plan, or to continue in effect any such registrations or qualifications if made. The Company may issue certificates for shares with such legends and subject to such restrictions on transfer and stop-transfer instructions as counsel for the Company deems necessary or desirable for compliance by the Company with federal, state and foreign securities laws. The Company may also require such other action or agreement by the Participants as may from time to time be necessary to comply with applicable securities laws.

To the extent the Plan or any instrument evidencing an Award provides for issuance of stock certificates to reflect the issuance of shares of Common Stock, the issuance may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

16.4 Indemnification

Each person who is or shall have been a member of the Board, or a committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with Section 3 shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit or proceeding against him or her; provided, however, that he or she shall give the Company an opportunity, at its own expense, to handle and defend such claim, action, suit or proceeding before he or she undertakes to handle and defend the same on his or her own behalf, unless such loss, cost, liability or expense is a result of his or her own willful misconduct or except as expressly provided by statute.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate of incorporation or bylaws, as a matter of law, or otherwise, or of any power that the Company may have to indemnify them or hold them harmless.

16.5 No Rights as a Shareholder

Unless otherwise provided by the Committee or in the instrument evidencing the Award or in a written employment or services agreement, no Option or Award denominated in units shall entitle the Participant to any cash dividend, voting or other right of a shareholder unless and until the date of issuance under the Plan of the shares that are the subject of such Award.

16.6 Compliance With Laws and Regulations

Notwithstanding anything in the Plan to the contrary, the Committee, in its sole discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan to Participants who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Participants. With respect to officers and directors subject to Section 16 of the Exchange Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 promulgated under the Exchange Act.

Additionally, in interpreting and applying the provisions of the Plan, any Option granted as an Incentive Stock Option pursuant to the Plan shall, to the extent permitted by law, be construed as an "incentive stock option" within the meaning of Section 422 of the Code or any successor provision.

Additionally, notwithstanding anything contained in the Plan to the contrary, it is the Company's intention that any and all Awards and compensation payable under the Plan shall satisfy the requirements for exemption under Section 409A and that all terms and provisions shall be interpreted to satisfy such requirements. If the Committee determines that an Award, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Participant to become subject to Section 409A, the Committee, to the extent it deems necessary or advisable in its sole discretion, reserves the right, but shall not be required, to unilaterally amend or modify the Plan and any Award granted under the Plan so that the Award qualifies for exemption from or compliance with Section 409A. Awards not deferred under Section 6.3 and not otherwise exempt from the requirements of Section 409A are intended to qualify for the short-term deferral exemption to Section 409A, and payment shall be made as soon as administratively feasible after the Award became vested, but in no event shall such payment be made later than 2-1/2 months after the end of the calendar year in which the Award became vested unless otherwise permitted under the exemption provisions of Section 409A. Notwithstanding the foregoing, with respect to any Award made under the Plan that is determined to be "deferred"

compensation” (within the meaning of Section 409A), (a) references to Termination of Service will mean the Participant’s “separation from service” (within the meaning of Section 409A) with the Company or any applicable Related Company, and (b) any payment to be made with respect to such Award in connection with the Participant’s Termination of Service that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after the Participant’s separation from service (or earlier death) in accordance with the requirements of Section 409A.

16.7 Participants in Other Countries

The Committee shall have the authority to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of other countries in which the Company or any Related Company may operate to ensure the viability of the benefits from Awards granted to Participants employed in such countries, to comply with applicable foreign laws and to meet the objectives of the Plan.

Notwithstanding the provisions of Sections 7.2 and 8.1, where applicable foreign law requires that compensatory stock right be priced based upon a specific price averaging method and period, a stock right granted in accordance with such applicable foreign law will be treated as meeting the requirements of Sections 7.2 or 8.1, provided that the averaging period does not exceed 30 days.

16.8 No Trust or Fund

The Plan is intended to constitute an “unfunded” plan. Nothing contained herein shall require the Company to segregate any monies or other property, or shares of Common Stock, or to create any trusts, or to make any special deposits for any immediate or deferred amounts payable to any Participant, and no Participant shall have any rights that are greater than those of a general unsecured creditor of the Company.

16.9 Successors

All obligations of the Company under the Plan with respect to Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all the business and/or assets of the Company.

16.10 Severability

If any provision of the Plan or any Award is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or, if it cannot be so construed or deemed amended without, in the Committee’s determination, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

16.11 Choice of Law

The Plan, all Awards granted thereunder and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the laws of the United States, shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof, except as otherwise expressly provided in an applicable Award agreement.

Section 17. Restatement Effective Date

This amendment and restatement of the Plan shall be effective February 24, 2020.

**The Boeing Company Annual Incentive Plan
(As Amended and Restated February 24, 2020)**

1. Definitions

As used in this plan (the "Plan," formerly the Incentive Compensation Plan for Employees of The Boeing Company and Subsidiaries), the following terms have the meanings set forth below:

"Board of Directors" means the Board of Directors of The Boeing Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means The Boeing Company.

"Committee" means the Compensation Committee of the Board of Directors.

"Section 409A" means Code Section 409A, including any proposed and final regulations and other guidance issued thereunder by the Department of the Treasury and/or the Internal Revenue Service.

"Subsidiary" means any corporation or association more than 50% of the voting securities of which are owned directly or indirectly by the Company or by one or more of its other Subsidiaries and the accounts of which are customarily consolidated with those of the Company for the purpose of reporting to stockholders.

2. Committee

The Committee shall have full power and authority to administer the Plan, and to construe and interpret its terms and provisions. Decisions of the Committee shall be final and binding upon all parties.

3. Eligibility

3.1 Certain Employees. Officers and employees of the Company and its Subsidiaries who hold executive, administrative, managerial, supervisory, technical or other key positions shall be eligible for participation under the Plan, and participants shall for the most part be selected from among members of this group. None of the members of the Committee and no director of the Company or of a Subsidiary who is not also an officer or employee of the Company or of a Subsidiary shall be eligible for participation under the Plan.

3.2 Special Contributors; Former Employees. Awards may also be made under the Plan to employees not holding executive, administrative, supervisory, technical or other key positions who have, nevertheless, made a substantial contribution to the success of the Company and its Subsidiaries. In addition, a former employee who has either

(a) retired under the employee retirement plan of the Company or of a Subsidiary or

(b) left the service of the Company or of a Subsidiary to enter the armed services or for such other reasons as may be determined by the Committee

and who would have been eligible for an award but for such retirement or termination of service, may be eligible for an award for the year in which such employee retires or so leaves the service of the Company or of a Subsidiary. In the case of a former employee who would have been eligible for an award but for death, an award may be granted to the surviving spouse or children or to the estate of such former employee, as the Committee may determine in its sole discretion.

4. Making Awards

4.1 Committee Authority. The Committee shall make awards, subject to the limitations herein, to such individuals within the eligible group and in such amounts and at such times as, in the Committee's judgment, shall best serve the interest of the Company and its Subsidiaries at that time, taking into account each individual's job performance and contributions to the success of the Company and its Subsidiaries.

Except as provided in Section 4.2, the Committee shall have complete discretion in determining to whom and how awards under the Plan shall be made; provided, however, in making awards the Committee shall request and consider the recommendations of the Chief Executive Officer of the Company and others whom it may designate.

4.2 Delegation of Award-Making Authority and Award Recommendations. The Committee may, at such time or times as it may elect, authorize the Chief Executive Officer of the Company who in turn may authorize other executives of the Company to make additional awards subject to the limitations herein provided, in amounts not exceeding an aggregate amount and under conditions determined by the Committee. In making recommendations to the Committee and in making awards authorized

by the Committee, the Chief Executive Officer of the Company shall request and consider the recommendations of other officers and supervisory employees of the Company and its Subsidiaries.

4.3 Forms of Awards. Awards under this Plan will be made entirely in cash.

4.4 Boeing Stock Units. Boeing Stock Units granted under the Plan prior to May 1, 2006 shall continue to be subject to the provisions of the Plan as in effect immediately prior to such date.

4.5 Limits on Awards. Unless approved by the Compensation Committee, no participant shall receive an award under the Plan in any one calendar year that has a maximum target of more than two (2) times the participant's base salary for the year for which the award is made, and a maximum payout of more than two (2) times the target established by the Committee for the year for which the award is made.

5. Distribution of Awards

5.1 Terms; Timing. Distribution of awards shall be governed by the terms and conditions applicable to such awards, as determined by the Committee or its delegate. Notwithstanding the foregoing, with respect to any award intended to be exempt from the requirements of Section 409A which is to be paid out when vested and qualify for the short-term deferral exemption to Section 409A, such payment shall be made as soon as administratively feasible after the award became vested, but in no event shall such payment be made later than 2-1/2 months after the end of the calendar year in which the award became vested unless (i) deferred pursuant to Section 5.2 or (ii) otherwise permitted under the exemption provisions of Section 409A.

5.2 Deferred Payment. The Committee may permit or require a participant to defer receipt of the payment of an award to the extent provided under any deferred compensation plan of the Company or pursuant to the terms of an employment agreement, either of which satisfies the requirements for exemption from or complies with Section 409A.

5.3 Deductions. The Company shall deduct from the payment of each award any withholdings required by law; and the Company may deduct any amounts due from the recipient to the Company or a Subsidiary.

5.4 Notice; Distribution Date. The Committee or its delegates shall advise participants of their awards under the Plan, and shall fix the distribution date or dates for such awards. Awards shall be paid on the distribution date or as soon thereafter as reasonably possible.

6. Repeal; Amendments. The Board of Directors or the Committee may amend, suspend or terminate the Plan or any portion of the Plan at any time and in such respects as it shall deem advisable. No repeal or amendment of the Plan shall operate to annul or modify any award previously made under the Plan.

7. Nonassignability. No awards authorized or made pursuant to the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, execution, attachment, garnishment or any other legal process, and any attempt to subject an award to any of the foregoing shall be void.

8. Compliance with Section 409A. Subject to the provisions of Section 5.2, it is the Company's intention that any and all compensation payable under the Plan shall satisfy the requirements for exemption under Section 409A, and all terms and provisions shall be interpreted to satisfy such requirements.

9. Clawbacks. Awards under the Plan are subject to the Clawback Policy as adopted by the Board of Directors and as amended from time to time.

In addition, subject to applicable local law or except as otherwise set forth in an Addendum, awards under the Plan shall be subject to clawback and forfeiture (meaning that the award must be promptly returned to the Company if already distributed, or that a participant will lose his or her entitlement to an award if it has not yet been distributed), in the event a participant or former participant engages in any of the following conduct, as determined by the Company or its selected delegate in its sole discretion, prior to the second anniversary of the later of the vesting or receipt of payment of the award: the participant (i) pleads or admits to, is convicted of, or is otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engages in competition with any aspect of Company business with which the participant was involved or about which the participant gained Company proprietary or confidential information; (iii) induces or attempts to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, the participant or any third party; (iv) disparages or defames the Company or its products or its current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) takes, misappropriates, uses, or discloses Company proprietary or confidential information. Clawback can, if applicable and where permitted by applicable local law, be made by deducting payments that will be due in the future (including salary, bonuses, and other forms of compensation). A participant's acceptance of an award under the Plan shall constitute such participant's acknowledgement and recognition that the participant's compliance with

this Section is a condition for the participant's receipt of the award. For purposes of this Section 9, the Company shall include the Company and all Subsidiaries. Nothing in this Section 9 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.

10. No Individual Rights. No individual shall have any claim to be granted any award under the Plan, and the Company has no obligation for uniformity of treatment of participants under the Plan. Furthermore, nothing in the Plan or any award granted under the Plan shall be deemed to constitute an employment contract or confer or be deemed to confer on any participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Subsidiary or limit in any way the right of the Company or any Subsidiary to terminate a participant's employment or other relationship at any time, with or without cause.

11. No Trust or Fund. The Plan is intended to constitute an "unfunded" plan. Nothing contained herein shall require the Company to segregate any monies or other property or shares of Common Stock, or to create any trusts, or make any special deposits for any immediate or deferred amounts payable to any participant, and no participant shall have any rights that are greater than those of a general unsecured creditor of the Company.

12. Successors. All obligations of the Company under the Plan with respect to awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all the business and/or assets of the Company.

13. Severability. If any provision of the Plan or any award is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or any award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or, if it cannot be so construed or deemed amended without, in the Committee's determination, materially altering the intent of the Plan or the award, such provision shall be stricken as to such jurisdiction, person or award, and the remainder of the Plan and any such award shall remain in full force and effect.

14. Addendum. Awards under the Plan shall be subject to such special terms and conditions for a participant's state or country of residence (and country of employment, if different), as the Company may determine in its sole discretion and which shall be set forth in an addendum to this Plan (the "Addendum"). If a participant transfers residence and/or employment to another state country, any special terms and conditions for such state or country will apply to such participant's awards to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the participant's transfer). In all circumstances, the Addendum shall constitute part of this Plan.

15. Choice of Law. The Plan, all awards granted thereunder and all determinations made and actions taken pursuant to the Plan, to the extent not otherwise governed by the laws of the United States, shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof, except as otherwise expressly provided in the Addendum.

[EXHIBIT A]

**Addendum to
The Boeing Company Annual Incentive Plan**

For U.S. participants

The following provisions shall modify Section 9 of the Plan for employees who reside in or are otherwise subject to the laws of California:

Clause (ii) of the second paragraph of Section 9 shall not apply.

To the extent expressly required by the laws of the State of California, all questions concerning the construction, validity, and interpretation of Section 9 shall be governed and construed according to the laws of the State of California, without regard to the application of the conflicts of laws provisions thereof.

The following provisions shall modify Section 9 of the Plan for employees who reside in or are otherwise subject to the laws of Colorado or Massachusetts:

Clause (ii) of the second paragraph of Section 9 shall not apply.

The following provisions shall modify Section 9 of the Plan for employees who reside in or are otherwise subject to the laws of South Carolina:

For purposes of this Section 9, "engage in competition" shall mean providing services to a competitor of the Company (whether as an employee, independent contractor, consulting, officer, or director) that are the same or similar in function or purpose to the services the participant provided to the Company during the two years prior to the participant's termination of employment with the Company and with respect to which the participant gained Company proprietary or confidential information, in the State of South Carolina or any state or territory within the United States in which the Company conducts substantial business.

The following shall replace the second paragraph of Section 9 of the Plan for employees who reside in or are otherwise subject to the laws of Washington:

In addition, subject to applicable local law, awards granted under the Plan are subject to clawback and forfeiture (meaning that the award must be promptly returned to the Company if already distributed, or that a participant will lose his or her entitlement to an award if it has not yet been distributed) in the event a participant or former participant engages in any of the following conduct, as determined by the Company or its delegate in its sole discretion, during the Restricted Period: the participant (i) pleads or admits to, is convicted of, or is otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly Engages in Competition; (iii) induces or attempts to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, the participant or any third party; (iv) disparages or defames the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) takes, misappropriates, uses, or discloses Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, and other forms of compensation). A participant's acceptance of an award under the Plan shall constitute such participant's acknowledgement and recognition that the participant's compliance with this Section 9 is a condition for the participant's receipt of the award. For purposes of this Section 9, the Company shall include the Company and all Subsidiaries.

For purposes of this Section 9, "Restricted Period" shall mean, with respect to clauses (i), (iii), (iv), and (v) above, the period commencing on the date of an award and ending on the second anniversary of the later of the vesting or receipt of payment of the award, and with respect to clause (ii) above, the period commencing on the date of the award and ending eighteen months after the later of the vesting or receipt of payment of the award. Notwithstanding anything herein to the contrary, clause (ii) shall not apply to a participant (x) following any termination of the participant's employment by reason of layoff, or (y) during any year if the participant had annualized W-2 total earnings from the Company of \$100,000 (or such dollar amount following adjustment for inflation as required by applicable Washington law) or less during the prior year, determined in accordance with applicable Washington law. For purposes of this Section 9, "Engage in Competition" shall mean providing services to a competitor of the Company (whether as an employee, independent contractor, consulting, officer, or director) that are the same or similar in function or purpose to the services a participant provided to the Company during the two years prior to the participant's termination of employment with the Company and with respect to which the participant gained Company proprietary or confidential information, in the State of Washington or any state or territory within the United States in which the Company conducts substantial business.

All questions concerning the construction, validity, and interpretation of clause (ii) above shall be governed and construed according to the laws of the State of Washington, without regard to the application of the conflicts of laws provisions thereof. Any disputes

regarding the construction, validity and interpretation of clause (ii) above shall be brought only in the state or federal courts of the State of Washington.

For Non-U.S. participants

The following shall replace the second paragraph of Section 9 of the Plan who for employees who reside in or are otherwise subject to the laws of Canada:

In addition, subject to applicable law, awards under the Plan are subject to clawback and forfeiture (meaning that the award must be promptly returned to the Company if already distributed, or that a participant will lose his or her entitlement to an award if it has not yet been distributed) in the event the participant engages in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the vesting or receipt of payment of the award: the participant (i) pleads or admits to, is convicted of, or is otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engages, within Canada, in competition with any aspect of Company business with which the participant was directly involved or about which the participant gained proprietary or confidential information during the twenty-four (24) months before the date the participant engaged in such competitive activity; (iii) induces or attempts to induce, directly or indirectly, any of the Company's employees, representatives or consultants, with whom the participant engaged on behalf of the Company during the twenty-four (24) months before the date of such inducement, to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, the participant or any third party; (iv) disparages or defames the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) takes, misappropriates, uses or discloses Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, or share awards). A participant's acceptance of an award under the Plan shall constitute such participant's acknowledgement and recognition that the participant's compliance with this Section 9 is a condition for the participant's receipt of the award. For purposes of this Section 9, the Company shall include the Company and all Subsidiaries.

The following shall replace the second paragraph of Section 9 of the Plan who for employees who reside in or are otherwise subject to the laws of the United Kingdom:

Clauses (ii) and (iii) of the second paragraph of Section 9 shall not apply.

Subject to applicable law, awards under the Plan are subject to clawback and forfeiture (meaning that the award must be promptly returned to the Company if already distributed, or that a participant will lose his or her entitlement to an award if it has not yet been distributed) in the event a participant or former participant engages in any of the following conduct, as determined by the Company or its delegate in its sole discretion, within the Restricted Period: directly or indirectly, for the participant's own benefit or that of others, (a) is employed by or otherwise provides services to a Competing Business which is being carried out or to be carried out in any Restricted Territory; (b) sets up or carries on a Competing Business which is being carried out or to be carried out in any Restricted Territory; (c) solicits, attempts to solicit, assists in soliciting, entices away, or tries to entice away, from the Company or any Subsidiary any Key Person; or (d) is personally involved to a material extent in accepting into employment, recruiting, engaging, or otherwise using the services of any Key Person. For the avoidance of doubt, none of the restrictions contained in this Section prevent a participant from holding any shares or other securities in any company or from doing anything for which the Company has given its prior written consent. The Company encourages participants to seek such consent if necessary.

The restrictions this Section are considered by the parties to be fair and reasonable in all circumstances. Each of the restrictions contained in this Section, including the sub-paragraphs and sub-clauses thereof, constitutes an entirely separate, severable and independent restriction. If any restriction is found to be invalid this will not affect the validity or enforceability of any of the other restrictions. If any such restrictions by themselves, or taken together, are for any reason unenforceable, but would be enforceable if part or parts of the wording were deleted, the relevant restriction or restrictions shall apply with such deletion(s) as may be necessary to make it or them valid and enforceable.

For the purposes of this Section, any capitalized terms shall have the following meaning:

"Competing Business" means any business which competes with or is preparing to compete with (a) any business carried on by the Company or any Subsidiary; or (b) any business which the Company or any Subsidiary is proposing to carry on and has taken material steps towards conducting; and in each of cases (a) and (b) in respect of which business of the Company or Subsidiary the participant: (i) had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties; or (ii) otherwise obtained Relevant Confidential Information, in each case in the course of the participant's employment.

"Key Person" means any employee, director, or consultant engaged by the Company or any Subsidiary who provides or has provided executive, managerial, supervisory, financial, engineering, creative, professional, technical, account handling, or similar services to the Company or any Subsidiary (a) with whom the participant has had material dealings; or (b) in respect of whom the participant

has obtained Relevant Confidential Information about their skills, role, responsibilities, expertise, or other Relevant Confidential Information or material nonpublic information relevant to their potential recruitment or engagement, in each case at any time during the course of the participant's employment.

"Relevant Confidential Information" means information not generally known outside the Company or any Subsidiary or information entrusted to the Company or any Subsidiary by third parties, which may relate (by way of example and without limitation) to inventions, formulas, patterns, devices, methods, processes, computer technology and programming, research, development, engineering, manufacturing, purchasing, accounting, marketing, or selling, and may be contained (by way of example and without limitation) in materials such as drawings, models, data, specifications, records, reports, complications, or computer programs, and may be in the nature of unwritten knowledge or know-how, in each case, that may or would be of value to any business which competes or is preparing to compete with the Company or a Subsidiary.

"Restricted Period" means the period ending on the earlier of: (a) the second anniversary of the later of the vesting or receipt of payment of the award; or (b) the six month anniversary of the participant's termination of employment.

"Restricted Territory" means: (a) the United Kingdom; or (b) any other country where the Company or a Subsidiary carries out business and in relation to which the participant has had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties during the course of the participant's employment; or (c) any other country where the Company or a Subsidiary carries out business and in relation to which the participant acquired Relevant Confidential Information during the course of the participant's employment.

**U.S. Notice of Terms
Performance-Based Restricted Stock Units**

To: «Name»

BEMSID: «BEMS_ID»

Grant Date: «Grant Date»

As part of its executive compensation program, The Boeing Company (the “Company”) has awarded you a Performance-Based Restricted Stock Unit award (the “Award”) pursuant to The Boeing Company 2003 Incentive Stock Plan, as amended and restated from time to time (the “Plan”), and the provisions contained herein (the “Notice”). Capitalized terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Plan. Your Award is subject to the terms of the Plan. If there is any inconsistency between the terms of this Notice and the terms of the Plan, the Plan’s terms shall control. **You are required to accept and acknowledge the terms and conditions of the Award, through the mechanism and procedures determined by the Company, as a condition to receiving the Award.** The terms and conditions of the Award are as follows:

1. **PBRSU Award.** You have been awarded «PBRSU_Units» Performance-Based Restricted Stock Units (“PBRsUs”). Each PBRsU corresponds to one share of Common Stock.
2. **PBRsU Account.** The Company will maintain a record of the number of awarded PBRsUs in an account established in your name.
3. **Vesting Provisions.**

3.1 General. Subject to your continued employment with the Company or a Related Company through the date the Compensation Committee of the Board of Directors of the Company (the “Committee”) certifies the relative performance of the PBRsUs as described below in or about February _____ (the “Certification Date”), except as otherwise provided in Sections 6 and 7, the Award shall become vested on the Certification Date (or if such date is not a Trading Day, the next Trading Day) (the “Vesting Date”) based upon the Company’s “Relative Total Shareholder Return” in terms of percentile ranking (rounded, if necessary, to the fourth decimal place by application of regular rounding) as compared to the Peer Companies (as defined in Exhibit A) over the period beginning immediately after the Grant Date and ending immediately prior to the Certification Date (the “Measurement Period”) in accordance with the following:

Relative Total Shareholder Return Ranking over Measurement Period	Payout % Level
95 th percentile or higher	200%
55 th percentile	100%
25 th percentile	25%
Below 25 th percentile	0%

“Trading Day” shall mean a day on which the New York Stock Exchange is open for trading. Straight line interpolation shall be used to determine the payout level for performance that falls between the ranking levels shown above (provided that the payout level for performance below the 25th percentile will be 0%, and the payout level for performance at or above the 95th percentile will be capped at 200%). Payout levels will be rounded, if necessary, to the nearest whole number by application of regular rounding. In the event of a payout percentage level above 100%, you will be awarded additional PBRsUs so that the total number of PBRsUs which vest as of the Vesting Date (excluding dividend equivalent PBRsUs) equals the original PBRsU award amount multiplied by the payout percentage level. In the event of a payout percentage level below 100%, your PBRsUs awarded under Section 1 will be forfeited to the extent necessary to provide that the total number of PBRsUs which vest as of the Vesting Date (excluding dividend equivalent PBRsUs) equals the original PBRsU award amount multiplied by the payout percentage level.

4. Dividend Equivalents.

4.1 While PBRsUs are in your account, they will earn dividend equivalents in the form of additional PBRsUs. Specifically, as of each dividend payment date for Common Stock, your PBRsU account will be credited with additional PBRsUs (“dividend equivalent PBRsUs”) equal in number to the number of shares of Common Stock that could be bought with the cash dividends that would be paid on the PBRsUs in your account if each PBRsU were one share of Common Stock.

4.2 The number of shares of Common Stock that could be bought with the cash dividends will be calculated to two decimal places and will be based on the “Fair Market Value” of Common Stock on the applicable dividend payment date. For purposes of this Award, “Fair Market Value” means the average of the high and the low per share trading prices for

Common Stock as reported by *The Wall Street Journal* for the specific dividend payment date, or by such other source as the Company deems reliable.

4.3 Dividend equivalent PBRsUs will vest at the same time and in the same manner as the PBRsUs with which they are associated. Dividend equivalent PBRsUs will be adjusted in accordance with the payout level percentage determined under Section 3.1 in the same manner as the PBRsUs with which they are associated. Accumulated dividend equivalent PBRsUs will be multiplied by the same payout percentage level and dividend equivalent PBRsUs will be added or forfeited, as necessary, so that the total dividend equivalent PBRsUs which vest as of the Vesting Date will equal the dividend equivalent PBRsUs which accumulate during the Measurement Period multiplied by the payout percentage level.

- 5. Adjustment in Number of PBRsUs.** The number of PBRsUs in your account will be adjusted proportionately for any increase or decrease in the number of issued shares of Common Stock resulting from any stock split, combination or exchange of Common Stock, consolidation, spin-off or recapitalization of Common Stock, or any similar capital adjustment or the payment of any stock dividend.
- 6. Termination Due to Retirement, Layoff, Disability, or Death.** In the event your employment is terminated prior to the Vesting Date by reason of retirement, layoff, disability, or death, your PBRsU payout, including any dividend equivalent PBRsUs, will be prorated based on the number of full and partial calendar months you spent on the active payroll during the Measurement Period (beginning with the first full calendar month after the Grant Date). Payout for the Award will be made at the same time as payment would have been made pursuant to Section 3 had your employment not terminated prior to the Vesting Date and will in all respects be subject to the Company's actual Relative Total Shareholder Return achievement for the full Measurement Period. For purposes of this Award, "retirement" means a voluntary termination of employment under the conditions that satisfy the definition of "retirement" under the terms of a defined benefit pension plan maintained by the Company or a Related Company in which you participate. If you are not eligible to participate in such a defined benefit pension plan, "retirement" means termination of employment voluntarily by you after you have attained either (i) age 55 with 10 years of service, or (ii) age 62 with one year of service. For purposes of this Award, "disability" means a disability entitling you to benefits under any long-term disability policy sponsored by the Company or a Related Company.
- 7. Forfeiture Upon Other Terminations.** In the event your employment is terminated prior to the Vesting Date for any reason (including for cause and resignation prior to retirement eligibility) other than those reasons described in Section 6, all PBRsUs (and all associated dividend equivalent PBRsUs) granted hereunder shall immediately be forfeited and canceled.
- 8. Leave of Absence.** Unless otherwise required by law, in the event you have an authorized leave of absence at any time during the Measurement Period which absence extends beyond three full calendar months (including any absence that began before the Grant Date), your PBRsU payout, including any dividend equivalent PBRsUs, will be prorated based on the number of full and partial calendar months you spent on the active payroll during the Measurement Period (beginning with the first full calendar month after the Grant Date). Payout for the Award will be made at the same time as payment would have been made without regard to any leave of absence, and will in all respects be subject to the Company's actual Relative Total Shareholder Return achievement for the full Measurement Period.
- 9. PBRsU Award Payable in Stock.**

9.1 Distribution from your PBRsU account will be made as soon as reasonably possible, but not later than 60 days, after the Vesting Date. Distribution will be in whole shares of Common Stock, provided that in the event you transfer from the US based payroll to a country in which PBRsU distributions are not settled in shares of Common Stock as of the distribution date, your distribution will be paid in cash. The number of shares distributed will be equal to the number of whole vested PBRsUs in your account, subject to deductions described in Section 9.2. Fractional share values will be applied to Federal income tax withholding.

9.2 The Company will deduct from the distribution of your vested PBRsUs any withholding or other taxes required by law and may deduct any amounts due from you to the Company or any Related Company.

- 10. Transferability.** PBRsUs are not transferable except by will or by laws of descent and distribution. You may designate a beneficiary to receive your Award in the event of your death.

11. Clawback and Forfeiture Policy.

11.1 This Award and any proceeds resulting from the vesting of this Award are subject to the Clawback Policy adopted by the Company's Board of Directors, as amended from time to time (the "Policy"). The Policy provides (among other things) that an Award may be subject to clawback and forfeiture (meaning that the Award or proceeds thereof must be promptly returned to the Company if already distributed, or that you will lose your entitlement to an Award if it has not yet been distributed) in the discretion of the Committee, if the Committee determines that you have (i) violated, or engaged

in negligent conduct in connection with the supervision of someone who violated, any Company policy, law, or regulation that has compromised the safety of any of the Company's products or services and has, or reasonably could be expected to have, a material adverse impact on the Company, the Company's customers or the public; or (ii) engaged in fraud, bribery, or illegal acts like fraud or bribery, or knowingly failed to report such acts of an employee over whom you had direct supervisory responsibility.

11.2 In addition, subject to applicable law, or except as may be otherwise provided in the Addendum, this Award and any proceeds resulting from the vesting of this Award are subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the Vesting Date or receipt of payment of the Award: you (i) plead or admit to, are convicted of, or are otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engage in competition with any aspect of Company business with which you were involved or about which you gained Company proprietary or confidential information; (iii) induce or attempt to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, you or any third party; (iv) disparage or defame the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) take, misappropriate, use or disclose Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, or share awards). Your acceptance of this Award shall constitute your acknowledgement and recognition that your compliance with this Section 11 is a condition for your receipt of this Award. For purposes of this Section 11, the Company shall include the Company and all Related Companies.

11.3 Nothing in this Section 11 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.

12. Miscellaneous.

12.1 No Right to Continued Employment or Service. This Notice shall not confer upon you any right to continuation of employment by the Company or any Related Company nor shall this Notice interfere in any way with the Company's or any Related Company's right to terminate your employment at any time, except to the extent expressly provided otherwise in a written agreement between you and the Company or any Related Company.

12.2 Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Award under the Plan is a one-time benefit and does not create any contractual or other right to receive other awards or benefits in lieu of awards in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award and the vesting provisions.

12.3 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award or other awards granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

12.4 Section 409A. This Award is intended to be exempt from or otherwise comply with Section 409A of the Internal Revenue Code and the regulations and guidance issued thereunder ("Section 409A"), and shall be interpreted and construed consistently with such intent. If you are a Specified Employee (as defined by the Company for purposes of Section 409A) upon your separation from service (as defined under Section 409A), any payments that are subject to the requirements of Section 409A and payable upon such separation from service shall be delayed until six months after the date of the separation from service, to the extent required under Section 409A.

12.5 Requirements of Law. The Award and payment thereof shall be subject to, and conditioned upon, satisfaction of all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

12.6 Addendum to Notice. Notwithstanding any provisions of this Notice to the contrary, the Award shall be subject to such special terms and conditions for the state in which you reside as the Company may determine in its sole discretion and which shall be set forth in an addendum to these terms and conditions (the "Addendum"). In all circumstances, the Addendum shall constitute part of this Notice.

12.7 Governing Law. All questions concerning the construction, validity and interpretation of this notice and the Plan shall be governed and construed according to the laws of the State of Delaware, without regard to the application of the conflicts of laws provisions thereof, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum. Any disputes regarding this Award or the Plan shall be brought only in the state or federal

courts of the State of Delaware, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum.

12.8 Agreement to Terms of Plan, Notice and Addendum. By accepting this Award, you acknowledge that you have read and understand this Notice, the Addendum to this Notice, and the Plan, and you specifically accept and agree to the provisions contained therein.

Exhibit A - Calculation of Relative Total Shareholder Return

- “Relative Total Shareholder Return” means the Company’s TSR relative to the TSR of the Peer Companies. Relative Total Shareholder Return will be determined by ranking the Company and the Peer Companies from highest to lowest according to their respective TSRs. After this ranking, the percentile performance of the Company relative to the Peer Companies will be determined as follows:

$$P=1-\frac{R-1}{N-1}$$

where: “P” represents the percentile performance, rounded if necessary to the fourth decimal place by application of regular rounding.

“N” represents the number of Peer Companies as of the Certification Date, plus the Company.

“R” represents the Company’s ranking among the Peer Companies.

Example:

If there are 21 Peer Companies plus the Company, and the Company ranked 7th in that group, the performance would be at the 71.4286th percentile (the result, rounded to the fourth decimal place by application of regular rounding, of $1 - ((7-1)/(22-1))$).

The resulting payout percentage would be calculated as follows, using straight line interpolation:

$$25\% + (71.4286\% - 25\%) \times \frac{(200\% - 25\%)}{(95\% - 25\%)} = 141.0715\%$$

This payout percentage would be rounded to the nearest whole number by application of regular rounding, resulting in a payout percentage of 141% of the target number of PBRsUs.

The final determination of Relative Total Shareholder Return shall be made by the Compensation Committee of the Board of Directors of the Company based on the terms set forth in this Exhibit A subject to the Compensation Committee’s sole and absolute discretion.

- “TSR” means, for the Company and each of the Peer Companies, the company’s total shareholder return, expressed as a percentage, which will be calculated by dividing (i) the Closing Average Share Value by (ii) the Opening Average Share Value and subtracting one from the quotient. An illustrative example of a TSR calculation is attached at the end of this Exhibit.
- “Opening Average Share Value” means the average Share Value over the trading days in the Opening Average Period.
- “Opening Average Period” means the 20 trading days immediately following the Grant Date.
- “Accumulated Shares” means, for a given trading day, the sum of (i) one (1) share and (ii) the cumulative number of shares of the company’s common stock purchasable with dividends declared on the company’s common stock to that point during the Measurement Period, assuming same day reinvestment of such dividends at the closing price on the ex-dividend date.
- “Closing Average Share Value” means the average Share Value over the trading days in the Closing Average Period.
- “Closing Average Period” means the 20 trading days immediately preceding the Certification Date.
- “Share Value” means, with respect to a given trading day, the closing price of the company’s common stock multiplied by the Accumulated Shares for such trading day.
- “Peer Companies” means the following companies:

3M	Ford	Microsoft
AT&T	General Dynamics	Northrop Grumman
Caterpillar	Honeywell	Procter & Gamble
Chevron	IBM	Raytheon
Cisco Systems	Intel	United Parcel Services
EADS (Airbus)	Johnson & Johnson	United Technologies
Exxon Mobil	Lockheed Martin	Verizon Communications

The Peer Companies may be changed as follows, subject to the discretion of the Compensation Committee:

- (i) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company.
 - (ii) In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a Peer Company, or with an entity that is not a Peer Company, in each case where the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company.
 - (iii) In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company or a “going private” transaction involving a Peer Company where the Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.
 - (iv) In the event of a bankruptcy, liquidation or delisting of a Peer Company, such company shall remain a Peer Company.
 - (v) In the event of a stock distribution from a Peer Company consisting of the shares of a new publicly traded company (a “spin-off”), the Peer Company shall remain a Peer Company and the stock distribution shall be treated as a dividend from the Peer Company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR.
- Each Peer Company’s “common stock” shall mean that series of common stock that is publicly traded on a registered U.S. exchange or, in the case of a non-U.S. company, an equivalent non-U.S. exchange. For purposes of calculating TSR, the value on any given trading day of any Peer Company shares traded on a foreign exchange will be converted to U.S. dollars.
 - The following example illustrates the calculation of TSR for the Company with Grant Date of January 1, 2017 and a Certification Date of January 1, 2020.

Opening Average Share Value (1/3/2017 - 1/31/2017)	\$ 160.67
Closing Average Share Value (12/3/2019 - 12/31/2019)	\$ 362.92
TSR (expressed as percentage)	125.8800%

Opening Average					Closing Average				
Date	Close	Ex- Div.	Accum. Shares	Share Value	Date	Close	Ex- Div.	Accum. Shares	Share Value
1/31/2017	\$163.42	\$0.00	1	\$163.42	12/31/2019	\$325.76	\$0.00	1.0726721	\$349.43
1/30/2017	\$165.57	\$0.00	1	\$165.57	12/30/2019	\$326.40	\$0.00	1.0726721	\$350.12
1/27/2017	\$167.70	\$0.00	1	\$167.70	12/27/2019	\$330.14	\$0.00	1.0726721	\$354.13
1/26/2017	\$169.12	\$0.00	1	\$169.12	12/26/2019	\$329.92	\$0.00	1.0726721	\$353.90
1/25/2017	\$167.36	\$0.00	1	\$167.36	12/24/2019	\$333.00	\$0.00	1.0726721	\$357.20
1/24/2017	\$160.55	\$0.00	1	\$160.55	12/23/2019	\$337.55	\$0.00	1.0726721	\$362.08
1/23/2017	\$157.84	\$0.00	1	\$157.84	12/20/2019	\$328.00	\$0.00	1.0726721	\$351.84
1/20/2017	\$159.53	\$0.00	1	\$159.53	12/19/2019	\$333.50	\$0.00	1.0726721	\$357.74
1/19/2017	\$159.00	\$0.00	1	\$159.00	12/18/2019	\$330.68	\$0.00	1.0726721	\$354.71
1/18/2017	\$158.32	\$0.00	1	\$158.32	12/17/2019	\$327.00	\$0.00	1.0726721	\$350.76
1/17/2017	\$157.67	\$0.00	1	\$157.67	12/16/2019	\$327.00	\$0.00	1.0726721	\$350.76
1/13/2017	\$158.83	\$0.00	1	\$158.83	12/13/2019	\$341.67	\$0.00	1.0726721	\$366.50
1/12/2017	\$158.29	\$0.00	1	\$158.29	12/12/2019	\$346.29	\$0.00	1.0726721	\$371.46
1/11/2017	\$159.40	\$0.00	1	\$159.40	12/11/2019	\$350.00	\$0.00	1.0726721	\$375.44
1/10/2017	\$159.07	\$0.00	1	\$159.07	12/10/2019	\$347.90	\$0.00	1.0726721	\$373.18
1/9/2017	\$158.32	\$0.00	1	\$158.32	12/9/2019	\$351.21	\$0.00	1.0726721	\$376.73
1/6/2017	\$159.10	\$0.00	1	\$159.10	12/6/2019	\$354.09	\$0.00	1.0726721	\$379.82
1/5/2017	\$158.71	\$0.00	1	\$158.71	12/5/2019	\$345.68	\$0.00	1.0726721	\$370.80
1/4/2017	\$158.62	\$0.00	1	\$158.62	12/4/2019	\$348.84	\$0.00	1.0726721	\$374.19
1/3/2017	\$156.97	\$0.00	1	\$156.97	12/3/2019	\$352.08	\$0.00	1.0726721	\$377.67

**U.S. Notice of Terms
Performance Awards**

To: «Name»

BEMS ID: «BEMS_ID»

Grant Date: «Grant Date»

As part of its executive compensation program, The Boeing Company (the “Company”) has awarded you this Performance Award pursuant to The Boeing Company 2003 Incentive Stock Plan, as amended and restated from time to time (the “Plan”) and the provisions contained herein (the “Notice”). Capitalized terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Plan. Your Performance Award is subject to the terms of the Plan. If there is any inconsistency between the terms of this Notice and the terms of the Plan, the Plan’s terms shall control. **You are required to accept and acknowledge the terms and conditions of the Performance Award, through the mechanism and procedures determined by the Company, as a condition to receiving the Performance Award.** The terms and conditions of the Performance Award are as follows:

1. **Target Value; Performance Period.** You have been awarded «Performance_Award_Units» Performance Award units. Each Performance Award unit has a target value of \$100. The Performance Period will be the period beginning January 1, _____ through December 31, _____.
2. **Performance Measure.** Your Performance Award will pay out based on the Company’s performance against its _____ Long-Range Business Plan for free cash flow, core earnings per share (EPS), and revenue. The Compensation Committee of the Board of Directors of the Company (the “Committee”) retains discretion in calculating actual performance to exclude the impact of Nonrecurring Items.
3. **Final Award Determination.** Following the end of the Performance Period, the final amount payable with respect to each Performance Award unit will be determined by multiplying the Company performance score for the Performance Period by the target value of each unit (\$100). The Company performance score is determined as follows:

$$\text{Company performance score} = 50\% (\text{free cash flow score}) + 25\% (\text{core EPS score}) + 25\% (\text{revenue score})$$

Performance under each metric will be assigned a score based on a curve established by the Committee as of the Grant Date, with a 100% score corresponding to performance at target, a 150% score corresponding to performance at or above maximum, a 50% score corresponding to performance at threshold, and a 0% score corresponding to performance below threshold. For each metric, straight-line interpolation will be applied to determine the score for performance between threshold and target, and between target and maximum (provided that the score for performance below threshold will be 0%, and the score for performance at or above maximum will be 150%).

4. **Continued Employment.** Subject to the terms and conditions outlined under Section 5, this Performance Award is granted on the condition that you remain continuously employed by the Company or a Related Company from the Grant Date through the date on which any Performance Award is paid (the “Vesting Date”). You will not have any right to payment of any Performance Award unless and until all terms, conditions, and provisions of the Performance Award program that affect you have been complied with as specified herein, including certification of the final award amount by the Committee. Your Performance Award, however, shall not impose upon the Company any obligation to retain you in its employ for any given period or upon any specific terms of employment.
5. **Termination Due to Retirement, Layoff, Disability, or Death.** In the event your employment is terminated prior to the Vesting Date by reason of retirement, layoff, disability, or death, you shall continue to be eligible to participate in the Performance Period, provided you were on the active payroll on the Grant Date. Your Performance Award payout will be prorated based on the number of full and partial calendar months you spent on the active payroll during the Performance Period. Payment for the Performance Award will be made at the same time as payment would have been made pursuant to Section 8 had your employment not terminated prior to the Vesting Date. For purposes of this Performance Award, “retirement” means a voluntary termination of employment under the conditions that satisfy the definition of “retirement” under the terms of a defined benefit pension plan maintained by the Company or a Related Company in which you participate. If you are not eligible to participate in such a defined benefit pension plan, “retirement” means termination of employment voluntarily by you after you have attained either (x) age 55 with 10 years of service, or (y) age 62 with one year of service. For purposes of this Performance Award, “disability” means a disability entitling you to benefits under any long-term disability policy sponsored by the Company or a Related Company.
6. **Forfeiture Upon Other Terminations.** In the event your employment is terminated prior to the Vesting Date for any reason (including for cause and resignation prior to retirement eligibility) other than those reasons described in Section 5,

the Performance Award granted hereunder shall immediately be forfeited and canceled.

7. **Leave of Absence.** Unless otherwise required by law, in the event you have an authorized leave of absence at any time during the Performance Period which absence extends beyond three full calendar months (including any absence that began before the Grant Date), your Performance Award payout will be prorated based on the number of full and partial calendar months you spent on the active payroll during the Performance Period.
8. **Form and Timing of Payment of Performance Awards.** Any payment of the Performance Awards shall be made in either cash or shares of Common Stock, at the Committee's discretion. The Performance Award payment shall be made within a reasonable period of time following the end of the Performance Period, but in no event later than the end of the calendar year following the end of the Performance Period. For certain eligible participants, amounts to be paid in connection with Performance Awards may be deferred in accordance with the Company's deferred compensation plan then in place.

The Company will deduct from your Performance Award distribution any withholding or other taxes required by law and may deduct any amounts due from you to the Company or any Related Company. In the event of a stock distribution, shares will be in a number equal to the whole number of shares that could be purchased with the total Performance Award cash payout, based on the average of the high and low per share trading prices for Common Stock as reported by *The Wall Street Journal* on the date of distribution, or by such other source as the Company deems reliable, after reduction to pay the applicable withholding amounts. Fractional share values will be applied to Federal income tax withholding.

9. **Transferability.** This Performance Award is not transferable except by will or by laws of descent and distribution. You may designate a beneficiary to receive your Performance Award in the event of your death.
10. **Successors.** All obligations of the Company under the Performance Award program shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, or consolidation, or otherwise, of all or substantially all the business and/or assets of the Company.

11. **Clawback and Forfeiture Policy.**

11.1 This Performance Award and any proceeds resulting from the vesting of this Performance Award are subject to the Clawback Policy adopted by the Company's Board of Directors, as amended from time to time (the "Policy"). Pursuant to the Policy, this Performance Award may be subject to clawback and forfeiture (meaning that the Performance Award must be promptly returned to the Company if already distributed, or that you will lose your entitlement to the Performance Award if it has not yet been distributed) in the discretion of the Committee, if the Committee determines that you have (i) violated, or engaged in negligent conduct in connection with the supervision of someone who violated, any Company policy, law, or regulation that has compromised the safety of any of the Company's products or services and has, or reasonably could be expected to have, a material adverse impact on the Company, the Company's customers or the public; or (ii) engaged in fraud, bribery, or illegal acts like fraud or bribery, or knowingly failed to report such acts of an employee over whom you had direct supervisory responsibility. In accepting this Performance Award, you acknowledge and agree that you have read, understood, and accepted the terms of the Policy.

11.2 In addition, subject to applicable law, or except as may be otherwise provided in the Addendum, this Performance Award and any proceeds resulting from the vesting of this Performance Award are subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the vesting or receipt of payment of the Performance Award: you (i) plead or admit to, are convicted of, or are otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engage in competition with any aspect of Company business with which you were involved or about which you gained Company proprietary or confidential information; (iii) induce or attempt to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, you or any third party; (iv) disparage or defame the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) take, misappropriate, use or disclose Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, or share awards). Your acceptance of this Performance Award shall constitute your acknowledgement and recognition that your compliance with this Section 11 is a condition for your receipt of this Performance Award. For purposes of this Section 11, the Company shall include the Company and all Related Companies.

11.3 Nothing in this Section 11 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.

12. Miscellaneous.

12.1 No Right to Continued Employment or Service. This Notice shall not confer upon you any right to continuation of employment by the Company or any Related Company nor shall this Notice interfere in any way with the Company or any Related Company's right to terminate your employment at any time, except to the extent expressly provided otherwise in a written agreement between you and the Company or any Related Company.

12.2 Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Performance Award under the Plan is a one-time benefit and does not create any contractual or other right to receive other awards or benefits in lieu of awards in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, the number of shares of Common Stock subject to an award, and the vesting provisions.

12.3 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Performance Award or other awards granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

12.4 Section 409A. This Performance Award is intended to be exempt from or otherwise comply with Section 409A of the Internal Revenue Code and the regulations and guidance issued thereunder ("Section 409A"), and shall be interpreted and construed consistently with such intent. If you are a Specified Employee (as defined by the Company for purposes of Section 409A) upon your separation from service (as defined under Section 409A), any payments that are subject to the requirements of Section 409A and payable upon such separation from service shall be delayed until six months after the date of the separation from service, to the extent required under Section 409A.

12.5 Requirements of Law. The Performance Award and payment thereof shall be subject to, and conditioned upon, satisfaction of all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

12.6 Addendum to Notice. Notwithstanding any provisions of this Notice to the contrary, the Performance Award shall be subject to such special terms and conditions for the state in which you reside as the Company may determine in its sole discretion and which shall be set forth in an addendum to these terms and conditions (the "Addendum"). In all circumstances, the Addendum shall constitute part of this Notice.

12.7 Governing Law. All questions concerning the construction, validity and interpretation of this notice and the Plan shall be governed and construed according to the laws of the State of Delaware, without regard to the application of the conflicts of laws provisions thereof, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum. Any disputes regarding this Performance Award or the Plan shall be brought only in the state or federal courts of the State of Delaware, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum.

12.8 Agreement to Terms of Plan, Notice and Addendum. By accepting the grant of the Performance Award, you acknowledge that you have read and understand this Notice, the Addendum to this Notice, and the Plan, and you specifically accept and agree to the provisions contained therein.

**U.S. Notice of Terms
Restricted Stock Units**

To: «Name»

BEMSID: «BEMS_ID»

Grant Date: «Grant Date»

As part of its executive compensation program, The Boeing Company (the "Company") has awarded you a Restricted Stock Unit award (the "Award") pursuant to The Boeing Company 2003 Incentive Stock Plan, as amended and restated from time to time (the "Plan"), and the provisions contained herein (the "Notice"). Capitalized terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Plan. Your Award is subject to the terms of the Plan. If there is any inconsistency between the terms of this Notice and the terms of the Plan, the Plan's terms shall control. **You are required to accept and acknowledge the terms and conditions of the Award, through the mechanism and procedures determined by the Company, as a condition to receiving the Award.** The terms and conditions of the Award are as follows:

1. **RSU Award.** You have been awarded «RSU_Units» Restricted Stock Units ("RSUs"). Each RSU corresponds to one share of Common Stock.
 2. **RSU Account.** The Company will maintain a record of the number of awarded RSUs in an account established in your name.
 3. **Vesting of RSUs.** Subject to Sections 6 and 7, your RSUs will vest on the third anniversary of the Grant Date (or if such date is not a Trading Day, the next Trading Day) (the "Vesting Date"). At the time your RSUs vest, the Company will issue to you shares of Common Stock equal in number to the vested number of whole RSUs in your account, after deduction of shares to cover appropriate taxes and other charges as described in Section 9.2. Subject to the terms and conditions outlined under Section 6 and 7, this Award is granted on the condition that you remain continuously employed by the Company or a Related Company from the Grant Date through the Vesting Date. "Trading Day" shall mean a day on which the New York Stock Exchange is open for trading.
 4. **Dividend Equivalents.**
 - 4.1 While RSUs are in your account, they will earn dividend equivalents in the form of additional RSUs. Specifically, as of each dividend payment date for Common Stock, your RSU account will be credited with additional RSUs ("dividend equivalent RSUs") equal in number to the number of shares of Common Stock that could be bought with the cash dividends that would be paid on the RSUs in your account if each RSU were one share of Common Stock.
 - 4.2 The number of shares of Common Stock that could be bought with the cash dividends will be calculated to two decimal places and will be based on the "Fair Market Value" of a share of Common Stock on the applicable dividend payment date. For purposes of this Award, "Fair Market Value" means the average of the high and the low per share trading prices for Common Stock as reported by *The Wall Street Journal* for the specific dividend payment date, or by such other source as the Company deems reliable.
 - 4.3 Dividend equivalent RSUs will vest at the same time and in the same manner as the RSUs with which they are associated.
 5. **Adjustment in Number of RSUs.** The number of RSUs in your account will be adjusted proportionately for any increase or decrease in the number of issued shares of Common Stock resulting from any stock split, combination or exchange of Common Stock, consolidation, spin-off or recapitalization of Common Stock, or any similar capital adjustment or the payment of any stock dividend.
 6. **Termination Due to Retirement, Layoff, Disability, or Death.** In the event your employment is terminated prior to the Vesting Date by reason of retirement, layoff, disability, or death, your RSU payout, including any dividend equivalent RSUs, will be prorated based on the number of full and partial calendar months you spent on the active payroll during the vesting period (beginning with the first full calendar month after the Grant Date). Payment for this Award will be made (i) as soon as administratively possible, but not later than 60 days after your termination of employment, in the event that your employment is terminated by reason of disability or death, or (ii) at the same time as payment would have been made pursuant to Section 3 had your employment not terminated prior to the Vesting Date, in the event that your employment is terminated by reason of retirement or layoff. For purposes of this Award, "retirement" means a voluntary termination of employment under the conditions that satisfy the definition of "retirement" under the terms of a defined benefit pension plan maintained by the Company or a Related Company
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in which you participate. If you are not eligible to participate in such a defined benefit pension plan, "retirement" means termination of employment voluntarily by you after you have attained either (x) age 55 with 10 years of service, or (y) age 62 with one year of service. For purposes of this Award, "disability" means a disability entitling you to benefits under any long-term disability policy sponsored by the Company or a Related Company.

7. Forfeiture Upon Other Terminations. In the event your employment is terminated prior to the Vesting Date for any reason (including for cause and resignation prior to retirement eligibility) other than those reasons described in Section 6, all RSUs (and all associated dividend equivalent RSUs) granted hereunder shall immediately be forfeited and canceled.

8. Leave of Absence. Unless otherwise required by law, in the event you have an authorized leave of absence at any time during the vesting period which absence extends beyond three full calendar months (including any absence that began before the Grant Date), your RSU payout, including any dividend equivalent RSUs, will be prorated based on the number of full and partial calendar months you spent on the active payroll during the vesting period (beginning with the first full calendar month after the Grant Date).

9. RSU Award Payable in Stock.

9.1 Distribution from your RSU account will be made as soon as reasonably possible, but not later than 60 days, after the Vesting Date, except as otherwise provided in Section 6. The number of shares distributed will be equal to the number of whole vested RSUs in your account, subject to deductions described in Section 9.2. Fractional share values will be applied to Federal income tax withholding.

9.2 The Company will deduct from the distribution of your vested RSUs any withholding or other taxes required by law and may deduct any amounts due from you to the Company or to any Related Company.

9.3 In the event you transfer from the US based payroll to a country in which RSU grants and related dividend equivalents are not settled in shares of Common Stock and you are scheduled for an RSU payout under Section 3 or 6 above while in such country, your distribution will be paid in cash.

10. Transferability. RSUs are not transferable except by will or by laws of descent and distribution. You may designate a beneficiary to receive your Award in the event of your death.

11. Clawback and Forfeiture Policy.

11.1 This Award and any proceeds resulting from the vesting of this Award are subject to the Clawback Policy adopted by the Company's Board of Directors, as amended from time to time (the "Policy"). The Policy provides (among other things) that an Award may be subject to clawback and forfeiture (meaning that the Award or proceeds thereof must be promptly returned to the Company if already distributed, or that you will lose your entitlement to an Award if it has not yet been distributed) in the discretion of the Committee, if the Committee determines that you have (i) violated, or engaged in negligent conduct in connection with the supervision of someone who violated, any Company policy, law, or regulation that has compromised the safety of any of the Company's products or services and has, or reasonably could be expected to have, a material adverse impact on the Company, the Company's customers or the public; or (ii) engaged in fraud, bribery, or illegal acts like fraud or bribery, or knowingly failed to report such acts of an employee over whom you had direct supervisory responsibility.

11.2 In addition, subject to applicable law, or except as may be otherwise provided in the Addendum, this Award and any proceeds resulting from the vesting of this Award are subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the Vesting Date or receipt of payment of the Award: you (i) plead or admit to, are convicted of, or are otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engage in competition with any aspect of Company business with which you were involved or about which you gained Company proprietary or confidential information; (iii) induce or attempt to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, you or any third party; (iv) disparage or defame the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) take, misappropriate, use or disclose Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, or share awards). Your acceptance of this Award shall constitute your acknowledgement and recognition that your compliance with this Section 11 is a condition for your receipt of this Award. For purposes of this Section 11, the Company shall include the Company and all Related Companies.

11.3 Nothing in this Section 11 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.

12. Miscellaneous.

12.1 No Right to Continued Employment or Service. This Notice shall not confer upon you any right to continuation of employment by the Company or any Related Company nor shall this Notice interfere in any way with the Company's or any Related Company's right to terminate your employment at any time, except to the extent expressly provided otherwise in a written agreement between you and the Company or a Related Company.

12.2 Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Award under the Plan is a one-time benefit and does not create any contractual or other right to receive other awards or benefits in lieu of awards in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award and the vesting provisions.

12.3 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award or other awards granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

12.4 Section 409A. This Award is intended to be exempt from or otherwise comply with Section 409A of the Internal Revenue Code and the regulations and guidance issued thereunder ("Section 409A"), and shall be interpreted and construed consistently with such intent. If you are a Specified Employee (as defined by the Company for purposes of Section 409A) upon your separation from service (as defined under Section 409A), any payments that are subject to the requirements of Section 409A and payable upon such separation from service shall be delayed until six months after the date of the separation from service, to the extent required under Section 409A.

12.5 Requirements of Law. The Award and payment thereof shall be subject to, and conditioned upon, satisfaction of all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

12.6 Addendum to Notice. Notwithstanding any provisions of this Notice to the contrary, the Award shall be subject to such special terms and conditions for the state in which you reside as the Company may determine in its sole discretion and which shall be set forth in an addendum to these terms and conditions (the "Addendum"). In all circumstances, the Addendum shall constitute part of this Notice.

12.7 Governing Law. All questions concerning the construction, validity and interpretation of this notice and the Plan shall be governed and construed according to the laws of the State of Delaware, without regard to the application of the conflicts of laws provisions thereof, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum. Any disputes regarding this Award or the Plan shall be brought only in the state or federal courts of the State of Delaware, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum.

12.8 Agreement to Terms of Plan, Notice and Addendum. By accepting this Award, you acknowledge that you have read and understand this Notice, the Addendum to this Notice, and the Plan, and you specifically accept and agree to the provisions contained therein.

**International Notice of Terms
Performance-Based Restricted Stock Units (Stock-Settled)**

To: «Name»

BEMSID: «BEMS_ID»

Grant Date: «Grant Date»

As part of its executive compensation program, The Boeing Company (the “Company”) has awarded you a Performance-Based Restricted Stock Unit award (the “Award”) pursuant to The Boeing Company 2003 Incentive Stock Plan, as amended and restated from time to time (the “Plan”), and the provisions contained herein (the “Notice”). Capitalized terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Plan. Your Award is subject to the terms of the Plan. If there is any inconsistency between the terms of this Notice and the terms of the Plan, the Plan’s terms shall control. **You are required to accept and acknowledge the terms and conditions of the Award, through the mechanism and procedures determined by the Company, as a condition to receiving the Award.** The terms and conditions of the Award are as follows:

1. **PBRSU Award.** You have been awarded «Performance_Based_RSU» Performance-Based Restricted Stock Units (“PBRsUs”). Each PBRsU corresponds to one share of Common Stock.
2. **PBRsU Account.** The Company will maintain a record of the number of awarded PBRsUs in an account established in your name.
3. **Vesting Provisions:**

3.1 General. Subject to your continued employment with the Company or a Related Company through the date the Compensation Committee of the Board of Directors of the Company (the “Committee”) certifies the relative performance of the PBRsUs as described below in or about February _____ (the “Certification Date”), except as otherwise provided in Sections 7 and 8, the Award shall become vested on the Certification Date (or if such date is not a Trading Day, the next Trading Day) (the “Vesting Date”) based upon the Company’s “Relative Total Shareholder Return” in terms of percentile ranking (rounded, if necessary, to the fourth decimal place by application of regular rounding) as compared to the Peer Companies (as defined in Exhibit A) over the period beginning immediately after the Grant Date and ending immediately prior to the Certification Date (the “Measurement Period”) in accordance with the following:

Relative Total Shareholder Return Ranking over Measurement Period	Payout % Level
95 th percentile or higher	200%
55 th percentile	100%
25 th percentile	25%
Below 25 th percentile	0%

“Trading Day” shall mean a day on which the New York Stock Exchange is open for trading. Straight line interpolation shall be used to determine the payout level for performance that falls between the ranking levels shown above (provided that the payout level for performance below the 25th percentile will be 0%, and the payout level for performance at or above the 95th percentile will be capped at 200%). Payout levels will be rounded, if necessary, to the nearest whole number by application of regular rounding. In the event of a payout percentage level above 100%, you will be awarded additional PBRsUs so that the total number of PBRsUs which vest as of the Vesting Date (excluding dividend equivalent PBRsUs) equals the original PBRsU award amount multiplied by the payout percentage level. In the event of a payout percentage level below 100%, your PBRsUs awarded under Section 1 will be forfeited to the extent necessary to provide that the total number of PBRsUs which vest as of the Vesting Date (excluding dividend equivalent PBRsUs) equals the original PBRsU award amount multiplied by the payout percentage level.

4. **Settlement at Vesting.** As soon as reasonably practicable following the Vesting Date, you shall receive a number of shares of Common Stock equal to the aggregate number of PBRsUs that vest as of such date. Notwithstanding the foregoing, the PBRsUs may be settled in the form of: (a) cash, to the extent settlement in shares of Common Stock (i) is not standard Boeing practice in the country where you have transferred employment after the Grant Date, (ii) is prohibited under applicable laws, (iii) would require you, the Company or, if different, the Related Company that employs you (the “Employer”) to obtain the approval of any governmental and/or regulatory body in your country of residence (and country of employment, if different), or (iv) is administratively burdensome; or (b) shares of Common Stock, but the Company may require you to immediately sell such shares if necessary to comply with applicable laws (in which case, you hereby expressly authorize the Company to issue sales instructions in relation to such shares on your behalf). If

after the Grant Date but prior to the Vesting Date you transfer to a Related Company in another country (you will be considered to have transferred to a Related Company if you are paid through that Related Company's payroll) and the Company does not settle PBRsUs in shares of Common Stock in that country, the PBRsUs will be settled in cash.

5. Dividend Equivalents.

5.1 While PBRsUs are in your account, they will earn dividend equivalents in the form of additional PBRsUs. Specifically, as of each dividend payment date for Common Stock, your PBRsU account will be credited with additional PBRsUs ("dividend equivalent PBRsUs") equal in number to the number of shares of Common Stock that could be bought with the cash dividends that would be paid on the PBRsUs in your account if each PBRsU were one share of Common Stock.

5.2 The number of shares of Common Stock that could be bought with the cash dividends will be calculated to two decimal places and will be based on the "Fair Market Value" of Common Stock on the applicable dividend payment date. For purposes of this Award, "Fair Market Value" means the average of the high and the low per share trading prices for Common Stock as reported by *The Wall Street Journal* for the specific dividend payment date, or by such other source as the Company deems reliable.

5.3 Dividend equivalent PBRsUs will vest at the same time and in the same manner as the PBRsUs with which they are associated. Dividend equivalent PBRsUs will be adjusted in accordance with the payout level percentage determined under Section 3.1 in the same manner as the PBRsUs with which they are associated. Accumulated dividend equivalent PBRsUs will be multiplied by the same payout percentage level and dividend equivalent PBRsUs will be added or forfeited, as necessary, so that the total dividend equivalent PBRsUs which vest as of the Vesting Date will equal the dividend equivalent PBRsUs which accumulate during the Measurement Period multiplied by the payout percentage level.

- 6. Adjustment in Number of PBRsUs.** The number of PBRsUs in your account will be adjusted proportionately for any increase or decrease in the number of issued shares of Common Stock resulting from any stock split, combination or exchange of Common Stock, consolidation, spin-off or recapitalization of Common Stock, or any similar capital adjustment or the payment of any stock dividend.
- 7. Termination Due to Retirement, Layoff, Disability, or Death.** In the event your employment is terminated prior to the Vesting Date by reason of retirement, layoff, disability, or death, your PBRsU payout, including any dividend equivalent PBRsUs, will be made in shares of Common Stock and prorated based on the number of full and partial calendar months you spent on the active payroll during the Measurement Period (beginning with the first full calendar month after the Grant Date). Payout for the Award will be made at the same time as payment would have been made pursuant to Section 4 had your employment not terminated prior to the Vesting Date and will in all respects be subject to the Company's actual Relative Total Shareholder Return achievement for the full Measurement Period. For purposes of this Award, "retirement" means a voluntary termination of employment under the conditions that satisfy the definition of "retirement" under the terms of a defined benefit pension plan maintained by the Company or a Related Company in which you participate. If you are not eligible to participate in such a defined benefit pension plan, "retirement" means termination of employment voluntarily by you after you have attained either (i) age 55 with 10 years of service, or (ii) age 62 with one year of service. For purposes of this Award, "disability" means a disability entitling you to benefits under any long-term disability policy sponsored by the Company or a Related Company.
- 8. Forfeiture Upon Other Terminations.** In the event your employment is terminated prior to the Vesting Date for any reason (including for cause and resignation prior to retirement eligibility) other than those reasons described in Section 7, all PBRsUs (and all associated dividend equivalent PBRsUs) granted hereunder shall immediately be forfeited and canceled.
- 9. Leave of Absence.** Unless otherwise required by law, in the event you have an authorized leave of absence at any time during the Measurement Period which absence extends beyond three full calendar months (including any absence that began before the Grant Date), your PBRsU payout, including any dividend equivalent PBRsUs, will be prorated based on the number of full and partial calendar months you spent on the active payroll during the Measurement Period (beginning with the first full calendar month after the Grant Date). Payout for the Award will be made at the same time as payment would have been made without regard to any leave of absence, and will in all respects be subject to the Company's actual Relative Total Shareholder Return achievement for the full Measurement Period.
- 10. Transferability.** PBRsUs are not transferable except by will or by laws of descent and distribution. You may designate a beneficiary to receive your Award in the event of your death.
- 11. Clawback and Forfeiture Policy.**
- 11.1** This Award and any proceeds resulting from the vesting of this Award are subject to the Clawback Policy adopted by the Company's Board of Directors, as amended from time to time (the "Policy"). The Policy provides (among other things) that an Award may be subject to clawback and forfeiture (meaning that the Award or proceeds thereof must be
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promptly returned to the Company if already distributed, or that you will lose your entitlement to an Award if it has not yet been distributed) in the discretion of the Committee, if the Committee determines that you have (i) violated, or engaged in negligent conduct in connection with the supervision of someone who violated, any Company policy, law, or regulation that has compromised the safety of any of the Company's products or services and has, or reasonably could be expected to have, a material adverse impact on the Company, the Company's customers or the public; or (ii) engaged in fraud, bribery, or illegal acts like fraud or bribery, or knowingly failed to report such acts of an employee over whom you had direct supervisory responsibility.

11.2 In addition, subject to applicable law, or except as may be otherwise provided in the Addendum, this Award and any proceeds resulting from the vesting of this Award are subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the Vesting Date or receipt of payment of the Award: you (i) plead or admit to, are convicted of, or are otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engage in competition with any aspect of Company business with which you were involved or about which you gained Company proprietary or confidential information; (iii) induce or attempt to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, you or any third party; (iv) disparage or defame the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) take, misappropriate, use or disclose Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, or share awards). Your acceptance of this Award shall constitute your acknowledgement and recognition that your compliance with this Section 11 is a condition for your receipt of this Award. For purposes of this Section 11, the Company shall include the Company and all Related Companies.

11.3 Nothing in this Section 11 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.

12. Tax Withholding. Subject to the terms of the Plan and as a condition to the grant of the PBRsUs, you acknowledge and agree that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PBRsUs, including, but not limited to, the grant, vesting or payment of the PBRsUs; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PBRsUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. If your country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, then prior to the issuance and delivery of any shares of Common Stock or cash upon the vesting of this Award, the Company, the Employer, or any plan administrator, as applicable: (x) shall withhold a sufficient number of whole shares of Common Stock otherwise issuable upon the vesting of this Award that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld (in which case, the cash equivalent of such withheld shares of Common Stock shall be used to settle the withholding obligation); or (y) shall withhold an amount from your regular salary and/or wages, or from any other amounts payable to you, equal to the Tax-Related Items required to be withheld.

Depending on the withholding method, the Company, the Employer, or any plan administrator, as applicable, may withhold or account for Tax-Related Items by considering applicable statutory withholding rates, but such withholding shall not exceed an amount of withholding based on the maximum statutory rates in your applicable tax jurisdiction(s) (unless a lesser amount of withholding is required to avoid the classification of this Award as a liability on the Company's consolidated balance sheet or other adverse accounting treatment).

In the event the withholding requirements are not satisfied through the withholding of shares of Common Stock or through your regular salary and/or wages or other amounts payable to you, no shares of Common Stock will be issued to you and no cash payment will be made unless and until satisfactory arrangements (as determined by the Company or its delegate) have been made by you with respect to the payment of any Tax-Related Items which the Company determines, in its sole discretion, must be withheld or collected with respect to this Award. If you are subject to taxation in more than one jurisdiction, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting the grant of this Award, you expressly consent to the withholding of shares of Common Stock and/or the withholding of amounts from your regular salary and/or wages, or other amounts payable to you, as provided for hereunder. All other Tax-Related Items related to this Award and any shares of Common Stock or cash acquired pursuant to the vesting of this Award are your sole responsibility.

13. Consent to Collection, Processing and Transfer of Personal Data. The Company is located at 100 North Riverside, Chicago, IL 60606, U.S.A. and grants PBRsUs under the Plan to employees of the Company and its Related Companies in its sole discretion. In conjunction with the Company's grant of the PBRsUs under the Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the PBRsUs, you expressly and explicitly consent to the Personal Data Activities as described herein.

13.1 Data Collection, Processing and Usage. The Company collects, processes and uses your personal data, including your name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Common Stock or directorships held in the Company, and details of all PBRsUs or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you. In granting the PBRsUs under the Plan, the Company will collect, process and use your personal data for purposes of allocating Common Stock and implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and usage of your personal data is your consent.

13.2 Stock Plan Administration Service Provider. The Company transfers your personal data to an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share your personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you to receive and trade Common Stock acquired under the Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the Plan.

13.3 International Data Transfers. The Company and the Stock Plan Administrator are based in the United States. You should note that your country of residence may have enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of your personal data to the United States is your consent.

13.4 Voluntariness and Consequences of Consent Denial or Withdrawal. Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you later withdraw your consent, you may be unable to participate in the Plan. This would not affect your existing employment or salary; instead, you would forfeit the opportunities associated with the Plan.

13.5 Data Subjects Rights. You may have a number of rights under the data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local human resources department.

14. Miscellaneous.

14.1 No Right to Continued Employment or Service. This Notice shall not confer upon you any right to continuation of employment by the Company or any Related Company nor shall this Notice interfere in any way with the Company or any Related Company's right to terminate your employment at any time, except to the extent expressly provided otherwise in a written agreement between you and the Company or any Related Company or as prohibited by law.

14.2 Termination Indemnities. The Award is an extraordinary item of compensation outside the scope of your employment contract, if any. As such, the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which you may be otherwise entitled.

14.3 Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Award under the Plan is a one-time benefit and does not create any contractual or other right to receive other awards or benefits in lieu of awards in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, and the vesting provisions.

14.4 EU Age Discrimination Rules. If you are a local national of and employed in a country that is a member of the European Union, the grant of this Award and the terms and conditions governing this Award are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Notice is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its

sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

14.5 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award or other awards granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party-designated by the Company.

14.6 Private Placement. The grant of the Award is not intended to be a public offering of securities in your country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Award is not subject to the supervision of the local securities authorities.

14.7 English Language. You acknowledge and agree that it is your express intent that the Notice, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Award, be drawn up in English. If you are in a country where English is not an official language, you acknowledge that you are sufficiently proficient in English or have the ability to consult with an advisor who is sufficiently proficient in the English language, so as to allow you to understand the terms and conditions of this Notice, the Plan and any other documents related to the Award. If you have received the Notice, the Plan or any other documents related to the PBRsUs translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

14.8 Section 409A. This Award is intended to be exempt from or otherwise comply with Section 409A of the U.S. Internal Revenue Code and the regulations and guidance issued thereunder ("Section 409A"), and shall be interpreted and construed consistently with such intent. If you are a Specified Employee (as defined by the Company for purposes of Section 409A) upon your separation from service (as defined under Section 409A), any payments that are subject to the requirements of Section 409A and payable upon such separation from service shall be delayed until six months after the date of the separation from service, to the extent required under Section 409A.

14.9 Compliance with Local Law. If you are resident or employed outside of the United States, as a condition to the grant of the Award, you agree to repatriate all payments attributable to the shares of Common Stock or cash acquired under the Plan in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you agree to take any and all actions, and consent to any and all actions taken by the Company and its Related Companies, as may be required to allow the Company and its Related Companies to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

14.10 Requirements of Law. The Award and payment thereof shall be subject to, and conditioned upon, satisfaction of all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

14.11 Addendum to Notice. Notwithstanding any provisions of this Notice to the contrary, the Award shall be subject to such special terms and conditions for your country of residence (and country of employment, if different), as the Company may determine in its sole discretion and which shall be set forth in an addendum to these terms and conditions (the "Addendum"). If you transfer your residence and/or employment to another country, any special terms and conditions for such country will apply to the Award to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, the Addendum shall constitute part of this Notice.

14.12 Governing Law. All questions concerning the construction, validity and interpretation of this Notice and the Plan shall be governed and construed according to the laws of the State of Delaware in the United States, without regard to the application of the conflicts of laws provisions thereof, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum. Any disputes regarding this Award or the Plan shall be brought only in the state or federal courts of the State of Delaware in the United States, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum.

14.13 Insider Trading Notice. You acknowledge that, depending on your broker's country of residence or where Common Stock is listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of Common Stock, rights to Common Stock or rights linked to the value of Common Stock during such times you are considered to have "inside information" regarding the Company as defined

in the laws or regulations in your country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. You understand that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any restrictions and you are advised to speak to your personal legal advisor on this matter.

14.14 Additional Requirements. The Company reserves the right to impose other requirements on the Award, and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

14.15 Agreement to Terms of Plan, Notice and Addendum. By accepting this Award, you acknowledge that you have read and understand this Notice, the Addendum to this Notice, and the Plan, and you specifically accept and agree to the provisions contained therein.

Addendum to

International Notice of Terms of Performance-Based Restricted Stock Units

In addition to the terms of the Plan and the Notice, the Award is subject to the following additional terms and conditions as set forth in this Addendum to the extent you reside and/or are employed in one of the countries addressed herein. All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and this Notice. To the extent you transfer residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

United Kingdom

1. Clawback and Forfeiture Policy. The following shall modify Section 11.2 of the Notice:

Clauses (ii) and (iii) of Section 11.2 shall not apply.

This Award and any proceeds resulting from the vesting of this Award are also subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, within the Restricted Period: directly or indirectly, for your own benefit or that of others, (a) be employed by or otherwise provide services to a Competing Business which is being carried out or to be carried out in any Restricted Territory; (b) set up or carry on a Competing Business which is being carried out or to be carried out in any Restricted Territory; (c) solicit, attempt to solicit, assist in soliciting, entice away, or try to entice away, from the Company or any Related Company any Key Person; or (d) be personally involved to a material extent in accepting into employment, recruiting, engaging, or otherwise using the services of any Key Person. For the avoidance of doubt, none of the restrictions contained in this Section prevent you from holding any shares or other securities in any company or from doing anything for which the Company has given its prior written consent. The Company encourages you to seek such consent if necessary.

The restrictions this Section are considered by the parties to be fair and reasonable in all circumstances. Each of the restrictions contained in this Section, including the sub-paragraphs and sub-clauses thereof, constitutes an entirely separate, severable and independent restriction. If any restriction is found to be invalid this will not affect the validity or enforceability of any of the other restrictions. It is agreed that if any such restrictions by themselves, or taken together, are for any reason unenforceable, but would be enforceable if part or parts of the wording were deleted, the relevant restriction or restrictions shall apply with such deletion(s) as may be necessary to make it or them valid and enforceable.

For the purposes of this Section, any capitalized terms shall have the following meaning:

“Competing Business” means any business which competes with or is preparing to compete with (a) any business carried on by the Company or any Related Company; or (b) any business which the Company or any Related Company is proposing to carry on and has taken material steps towards conducting; and in each of cases (a) and (b) in respect of which business of the Company or Related Company you: (i) had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties; or (ii) otherwise obtained Relevant Confidential Information, in each case in the course of your employment.

“Key Person” means any employee, director, or consultant engaged by the Company or any Related Company who provides or has provided executive, managerial, supervisory, financial, engineering, creative, professional, technical, account handling, or similar services to the Company or any Related Company (a) with whom you have had material dealings; or (b) in respect of whom you have obtained Relevant Confidential Information about their skills, role, responsibilities, expertise, or other Relevant Confidential Information or material nonpublic information relevant to their potential recruitment or engagement, in each case at any time during the course of your employment.

“Relevant Confidential Information” means information not generally known outside the Company or any Related Company or information entrusted to the Company or any Related Company by third parties, which may relate (by way of example and without limitation) to inventions, formulas, patterns, devices, methods, processes, computer technology and programming, research, development, engineering, manufacturing, purchasing, accounting, marketing, or selling, and may be contained (by way of example and without limitation) in materials such as drawings, models, data, specifications, records, reports, complications, or computer programs, and may be in the nature of unwritten knowledge or know-how, in each case, that may or would be of value to any business which competes or is preparing to compete with the Company or a Related Company.

“Restricted Period” means the period ending on the earlier of: (a) the second anniversary of the later of the Vesting Date or the payment date for the Award; or (b) the six month anniversary of your termination of employment.

“Restricted Territory” means: (a) the United Kingdom; or (b) any other country where the Company or a Related Company carries out business and in relation to which you have had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties during the course of your employment; or (c) any other country where the Company or a Related Company carries out business and in relation to which you acquired Relevant Confidential Information during the course of your employment.

2. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 12 of this Notice:

Without limitation to Section 12 of this Notice, you agree that you are liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by Her Majesty’s Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you within ninety (90) days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from you at any time thereafter by any of the means referred to in Section 12 of this Notice.

3. Exclusion of Claim. You acknowledge and agree that you shall have no entitlement to compensation or damages in consequence of the termination of your employment with the Company or any Related Company for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from your ceasing to have rights under or to be entitled to vesting in your PBRsUs as a result of such termination, or from the loss or diminution in value of your PBRsUs. Upon the grant of your PBRsUs, you shall be deemed irrevocably to have waived any such entitlement.

4. Brexit. To the extent that the United Kingdom is no longer a part of the European Union following the United Kingdom’s anticipated withdrawal from the European Union, but the laws discussed herein still apply to the United Kingdom for a period of time following the anticipated withdrawal, all references to the European Union shall include the United Kingdom, unless otherwise stated in this document.

Exhibit A - Calculation of Relative Total Shareholder Return

- “Relative Total Shareholder Return” means the Company’s TSR relative to the TSR of the Peer Companies. Relative Total Shareholder Return will be determined by ranking the Company and the Peer Companies from highest to lowest according to their respective TSRs. After this ranking, the percentile performance of the Company relative to the Peer Companies will be determined as follows:

$$P = 1 - \frac{R - 1}{N - 1}$$

where: “P” represents the percentile performance, rounded if necessary to the fourth decimal place by application of regular rounding.

“N” represents the number of Peer Companies as of the Certification Date, plus the Company.

“R” represents the Company’s ranking among the Peer Companies.

Example:

If there are 21 Peer Companies plus the Company, and the Company ranked 7th in that group, the performance would be at the 71.4286th percentile (the result, rounded to the fourth decimal place by application of regular rounding, of $1 - ((7-1)/(22-1))$).

The resulting payout percentage would be calculated as follows, using straight line interpolation:

$$25\% + (71.4286\% - 25\%) \times \frac{(200\% - 25\%)}{(95\% - 25\%)} = 141.0715\%$$

This payout percentage would be rounded to the nearest whole number by application of regular rounding, resulting in a payout percentage of 141% of the target number of PBRsUs.

The final determination of Relative Total Shareholder Return shall be made by the Compensation Committee of the Board of Directors of the Company based on the terms set forth in this Exhibit A subject to the Compensation Committee’s sole and absolute discretion.

- “TSR” means, for the Company and each of the Peer Companies, the company’s total shareholder return, expressed as a percentage, which will be calculated by dividing (i) the Closing Average Share Value by (ii) the Opening Average Share Value and subtracting one from the quotient. An illustrative example of a TSR calculation is attached at the end of this Exhibit.
- “Opening Average Share Value” means the average Share Value over the trading days in the Opening Average Period.
- “Opening Average Period” means the 20 trading days immediately following the Grant Date.
- “Accumulated Shares” means, for a given trading day, the sum of (i) one (1) share and (ii) the cumulative number of shares of the company’s common stock purchasable with dividends declared on the company’s common stock to that point during the Measurement Period, assuming same day reinvestment of such dividends at the closing price on the ex-dividend date.
- “Closing Average Share Value” means the average Share Value over the trading days in the Closing Average Period.
- “Closing Average Period” means the 20 trading days immediately preceding the Certification Date.
- “Share Value” means, with respect to a given trading day, the closing price of the company’s common stock multiplied by the Accumulated Shares for such trading day.
- “Peer Companies” means the following companies:

3M	Ford	Microsoft
AT&T	General Dynamics	Northrop Grumman
Caterpillar	Honeywell	Procter & Gamble
Chevron	IBM	Raytheon
Cisco Systems	Intel	United Parcel Services
EADS (Airbus)	Johnson & Johnson	United Technologies
Exxon Mobil	Lockheed Martin	Verizon Communications

The Peer Companies may be changed as follows, subject to the discretion of the Compensation Committee:

- (i) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company.
 - (ii) In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a Peer Company, or with an entity that is not a Peer Company, in each case where the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company.
 - (iii) In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company or a “going private” transaction involving a Peer Company where the Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.
 - (iv) In the event of a bankruptcy, liquidation or delisting of a Peer Company, such company shall remain a Peer Company.
 - (v) In the event of a stock distribution from a Peer Company consisting of the shares of a new publicly traded company (a “spin-off”), the Peer Company shall remain a Peer Company and the stock distribution shall be treated as a dividend from the Peer Company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR.
- Each Peer Company’s “common stock” shall mean that series of common stock that is publicly traded on a registered U.S. exchange or, in the case of a non-U.S. company, an equivalent non-U.S. exchange. For purposes of calculating TSR, the value on any given trading day of any Peer Company shares traded on a foreign exchange will be converted to U.S. dollars.
 - The following example illustrates the calculation of TSR for the Company with Grant Date of January 1, 2017 and a Certification Date of January 1, 2020.

Opening Average Share Value (1/3/2017 - 1/31/2017)	\$ 160.67
Closing Average Share Value (12/3/2019 - 12/31/2019)	\$ 362.92
TSR (expressed as percentage)	125.8800%

Opening Average					Closing Average				
Date	Close	Ex- Div.	Accum. Shares	Share Value	Date	Close	Ex- Div.	Accum. Shares	Share Value
1/31/2017	\$163.42	\$0.00	1	\$163.42	12/31/2019	\$325.76	\$0.00	1.0726721	\$349.43
1/30/2017	\$165.57	\$0.00	1	\$165.57	12/30/2019	\$326.40	\$0.00	1.0726721	\$350.12
1/27/2017	\$167.70	\$0.00	1	\$167.70	12/27/2019	\$330.14	\$0.00	1.0726721	\$354.13
1/26/2017	\$169.12	\$0.00	1	\$169.12	12/26/2019	\$329.92	\$0.00	1.0726721	\$353.90
1/25/2017	\$167.36	\$0.00	1	\$167.36	12/24/2019	\$333.00	\$0.00	1.0726721	\$357.20
1/24/2017	\$160.55	\$0.00	1	\$160.55	12/23/2019	\$337.55	\$0.00	1.0726721	\$362.08
1/23/2017	\$157.84	\$0.00	1	\$157.84	12/20/2019	\$328.00	\$0.00	1.0726721	\$351.84
1/20/2017	\$159.53	\$0.00	1	\$159.53	12/19/2019	\$333.50	\$0.00	1.0726721	\$357.74
1/19/2017	\$159.00	\$0.00	1	\$159.00	12/18/2019	\$330.68	\$0.00	1.0726721	\$354.71
1/18/2017	\$158.32	\$0.00	1	\$158.32	12/17/2019	\$327.00	\$0.00	1.0726721	\$350.76
1/17/2017	\$157.67	\$0.00	1	\$157.67	12/16/2019	\$327.00	\$0.00	1.0726721	\$350.76
1/13/2017	\$158.83	\$0.00	1	\$158.83	12/13/2019	\$341.67	\$0.00	1.0726721	\$366.50
1/12/2017	\$158.29	\$0.00	1	\$158.29	12/12/2019	\$346.29	\$0.00	1.0726721	\$371.46
1/11/2017	\$159.40	\$0.00	1	\$159.40	12/11/2019	\$350.00	\$0.00	1.0726721	\$375.44
1/10/2017	\$159.07	\$0.00	1	\$159.07	12/10/2019	\$347.90	\$0.00	1.0726721	\$373.18
1/9/2017	\$158.32	\$0.00	1	\$158.32	12/9/2019	\$351.21	\$0.00	1.0726721	\$376.73
1/6/2017	\$159.10	\$0.00	1	\$159.10	12/6/2019	\$354.09	\$0.00	1.0726721	\$379.82
1/5/2017	\$158.71	\$0.00	1	\$158.71	12/5/2019	\$345.68	\$0.00	1.0726721	\$370.80
1/4/2017	\$158.62	\$0.00	1	\$158.62	12/4/2019	\$348.84	\$0.00	1.0726721	\$374.19
1/3/2017	\$156.97	\$0.00	1	\$156.97	12/3/2019	\$352.08	\$0.00	1.0726721	\$377.67

International Notice of Terms
Performance Awards

To: «Name»

BEMS ID: «BEMS_ID»

Grant Date: «Grant Date»

As part of its executive compensation program, The Boeing Company (the “Company”) has awarded you this Performance Award pursuant to The Boeing Company 2003 Incentive Stock Plan, as amended and restated from time to time (the “Plan”) and the provisions contained herein (the “Notice”). Capitalized terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Plan. Your Performance Award is subject to the terms of the Plan. If there is any inconsistency between the terms of this Notice and the terms of the Plan, the Plan’s terms shall control. **You are required to accept and acknowledge the terms and conditions of the Performance Award, through the mechanism and procedures determined by the Company, as a condition to receiving the Performance Award.** The terms and conditions of the Performance Award are as follows:

- 1. Target Value; Performance Period.** You have been awarded a Performance Award with a target value of **«Performance_Award_Amount» «Local_Currency»**. The Performance Period will be the period beginning January 1, _____ through December 31, _____.
- 2. Performance Measure.** Your Performance Award will pay out based on the Company’s performance against its _____ Long-Range Business Plan for free cash flow, core earnings per share (EPS), and revenue. The Compensation Committee of the Board of Directors of the Company (the “Committee”) retains discretion in calculating actual performance to exclude the impact of Nonrecurring Items.
- 3. Final Award Determination.** Following the end of the Performance Period, the final amount payable with respect to your Performance Award will be determined by multiplying the Company performance score for the Performance Period by the target value of your Performance Award. The Company performance score is determined as follows:

Company performance score = 50% (free cash flow score) + 25% (core EPS score) + 25% (revenue score)

Performance under each metric will be assigned a score based on a curve established by the Committee as of the Grant Date, with a 100% score corresponding to performance at target, a 150% score corresponding to performance at or above maximum, a 50% score corresponding to performance at threshold, and a 0% score corresponding to performance below threshold. For each metric, straight-line interpolation will be applied to determine the score for performance between threshold and target, and between target and maximum (provided that the score for performance below threshold will be 0%, and the score for performance at or above maximum will be 150%).

- 4. Continued Employment.** Subject to the terms and conditions outlined under Section 5, this Performance Award is granted on the condition that you remain continuously employed by the Company or a Related Company from the Grant Date through the date on which any Performance Award is paid (the “Vesting Date”). You will not have any right to payment of any Performance Award unless and until all terms, conditions, and provisions of the Performance Award program that affect you have been complied with as specified herein, including certification of the final award amount by the Committee. Your Performance Award, however, shall not impose upon the Company any obligation to retain you in its employ for any given period or upon any specific terms of employment.
 - 5. Termination Due to Retirement, Layoff, Disability, or Death.** In the event your employment is terminated prior to the Vesting Date by reason of retirement, layoff, disability, or death, you shall continue to be eligible to participate in the Performance Period, provided you were on the active payroll on the Grant Date. Your Performance Award payout will be prorated based on the number of full and partial calendar months you spent on the active payroll during the Performance Period. Payment for the Performance Award will be made at the same time as payment would have been made pursuant to Section 8 had your employment not terminated prior to the Vesting Date. For purposes of this Performance Award, “retirement” means a voluntary termination of employment under the conditions that satisfy the definition of “retirement” under the terms of a defined benefit pension plan maintained by the Company or a Related Company in which you participate. If you are not eligible to participate in such a defined benefit pension plan, “retirement” means termination of employment voluntarily by you after you have attained either (x) age 55 with 10 years of service, or (y) age 62 with one year of service. For purposes of this Performance Award, “disability” means a disability entitling you to benefits under any long-term disability policy sponsored by the Company or a Related Company.
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- 6. Forfeiture Upon Other Terminations.** In the event your employment is terminated prior to the Vesting Date for any reason (including for cause and resignation prior to retirement eligibility) other than those reasons described in Section 5, the Performance Award granted hereunder shall immediately be forfeited and canceled.
 - 7. Leave of Absence.** Unless otherwise required by law, in the event you have an authorized leave of absence at any time during the Performance Period which absence extends beyond three full calendar months (including any absence that began before the Grant Date), your Performance Award payout will be prorated based on the number of full and partial calendar months you spent on the active payroll during the Performance Period.
 - 8. Form and Timing of Payment of Performance Awards.** The Performance Award granted to you will be settled in cash or in shares of Common Stock at the discretion of the Compensation Committee and paid within a reasonable period of time following the end of the Performance Period, but in no event later than the end of the calendar year following the end of the Performance Period. If the Performance Award is settled in Common Stock, the Company will deliver such shares of Common Stock representing the number of shares to be issued in respect of the Performance Award. If the Performance Award is settled in cash, you shall receive a lump sum cash payment, in accordance with the terms of this Notice. The lump sum cash payment will be made in the currency in which you are paid at the time of payment of the Performance Award. The exchange rate on the first business day after the February Compensation Committee meeting following the end of the Performance Period will be used to convert payment from the currency in which the Performance Award was granted to your latest currency type as shown on your payroll record.
 - 9. Transferability.** This Performance Award is not transferable except by will or by laws of descent and distribution. You may designate a beneficiary to receive your Performance Award in the event of your death.
 - 10. Successors.** All obligations of the Company under the Performance Award program shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, or consolidation, or otherwise, of all or substantially all the business and/or assets of the Company.
 - 11. Clawback and Forfeiture Policy.**
 - 11.1** This Performance Award and any proceeds resulting from the vesting of this Performance Award are subject to the Clawback Policy adopted by the Company's Board of Directors, as amended from time to time (the "Policy"). Pursuant to the Policy, this Performance Award may be subject to clawback and forfeiture (meaning that the Performance Award must be promptly returned to the Company if already distributed, or that you will lose your entitlement to the Performance Award if it has not yet been distributed) in the discretion of the Committee, if the Committee determines that you have (i) violated, or engaged in negligent conduct in connection with the supervision of someone who violated, any Company policy, law, or regulation that has compromised the safety of any of the Company's products or services and has, or reasonably could be expected to have, a material adverse impact on the Company, the Company's customers or the public; or (ii) engaged in fraud, bribery, or illegal acts like fraud or bribery, or knowingly failed to report such acts of an employee over whom you had direct supervisory responsibility. In accepting this Performance Award, you acknowledge and agree that you have read, understood, and accepted the terms of the Policy.
 - 11.2** In addition, subject to applicable law, or except as may be otherwise provided in the Addendum, this Performance Award and any proceeds resulting from the vesting of this Performance Award are subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the vesting or receipt of payment of the Performance Award: you (i) plead or admit to, are convicted of, or are otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engage in competition with any aspect of Company business with which you were involved or about which you gained Company proprietary or confidential information; (iii) induce or attempt to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, you or any third party; (iv) disparage or defame the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) take, misappropriate, use or disclose Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, or share awards). Your acceptance of this Performance Award shall constitute your acknowledgement and recognition that your compliance with this Section 11 is a condition for your receipt of this Performance Award. For purposes of this Section 11, the Company shall include the Company and all Related Companies.
 - 11.3** Nothing in this Section 11 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.
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12. Tax Withholding. Subject to the terms of the Plan and as a condition to the grant of the Performance Award, you acknowledge and agree that, regardless of any action taken by the Company or, if different, the Related Company that employs you (the “Employer”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Award, including, but not limited to, the grant, vesting or payment of the Performance Award; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Performance Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. If your country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, then prior to the issuance and delivery of any shares of Common Stock or cash upon the payment of the Performance Award, the Company, the Employer, or any plan administrator, as applicable: (x) shall withhold a sufficient number of whole shares of Common Stock otherwise issuable upon the payment of the Performance Award that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld (in which case, the cash equivalent of such withheld shares of Common Stock shall be used to settle the withholding obligation); or (y) shall withhold an amount from your regular salary and/or wages, or from any other amounts payable to you, equal to the Tax-Related Items required to be withheld.

Depending on the withholding method, the Company, the Employer, or any plan administrator, as applicable, may withhold or account for Tax-Related Items by considering applicable statutory withholding rates, but such withholding shall not exceed an amount of withholding based on the maximum statutory rates in your applicable tax jurisdiction(s) (unless a lesser amount of withholding is required to avoid the classification of the Performance Award as a liability on the Company’s consolidated balance sheet or other adverse accounting treatment).

In the event the withholding requirements are not satisfied through the withholding of shares of Common Stock or through your regular salary and/or wages or other amounts payable to you, no shares of Common Stock will be issued to you and no cash payment will be made unless and until satisfactory arrangements (as determined by the Company or its delegate) have been made by you with respect to the payment of any Tax-Related Items which the Company determines, in its sole discretion, must be withheld or collected with respect to the Performance Award. If you are subject to taxation in more than one jurisdiction, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting the grant of the Performance Award, you expressly consent to the withholding of shares of Common Stock and/or the withholding of amounts from your regular salary and/or wages, or other amounts payable to you, as provided for hereunder. All other Tax-Related Items related to the Performance Award and any shares of Common Stock or cash acquired pursuant to the payment of the Performance Award are your sole responsibility.

13. Consent to Collection, Processing and Transfer of Personal Data. The Company is located at 100 North Riverside, Chicago, IL 60606, U.S.A. and grants Performance Awards under the Plan to employees of the Company and its Related Companies in its sole discretion. In conjunction with the Company’s grant of the Performance Awards under the Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices (“Personal Data Activities”). In accepting the grant of the Performance Awards, you expressly and explicitly consent to the Personal Data Activities as described herein.

13.1 Data Collection, Processing and Usage. The Company collects, processes and uses your personal data, including your name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Common Stock or directorships held in the Company, and details of all Performance Awards or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you. In granting the Performance Awards under the Plan, the Company will collect, process and use your personal data for purposes of allocating Common Stock and implementing, administering and managing the Plan. The Company’s legal basis for the collection, processing and usage of your personal data is your consent.

13.2 Stock Plan Administration Service Provider. The Company transfers your personal data to an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan (the “Stock Plan Administrator”). In the future, the Company may select a different Stock Plan Administrator and share your personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you to receive and trade Common Stock acquired under the Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the Plan.

13.3 International Data Transfers. The Company and the Stock Plan Administrator are based in the United States. You should note that your country of residence may have enacted data privacy laws that are different from the United States. The Company’s legal basis for the transfer of your personal data to the United States is your consent.

13.4 Voluntariness and Consequences of Consent Denial or Withdrawal. Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you later withdraw your consent, you may be unable to participate in the Plan. This would not affect your existing employment or salary; instead, you would forfeit the opportunities associated with the Plan.

13.5 Data Subjects Rights. You may have a number of rights under the data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local human resources department.

14. Miscellaneous.

14.1 No Right to Continued Employment or Service. This Notice shall not confer upon you any right to continuation of employment by the Company or any Related Company nor shall this Notice interfere in any way with the Company or any Related Company's right to terminate your employment at any time, except to the extent expressly provided otherwise in a written agreement between you and the Company or any Related Company or as prohibited by law.

14.2 Termination Indemnities. The value of the Performance Award is an extraordinary item of compensation outside the scope of your employment contract, if any. As such, the Performance Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which you may be otherwise entitled.

14.3 Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Performance Award under the Plan is a one-time benefit and does not create any contractual or other right to receive other awards or benefits in lieu of awards in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, the number of shares of Common Stock subject to an award and the vesting provisions.

14.4 EU Age Discrimination Rules. If you are a local national of and employed in a country that is a member of the European Union, the grant of this Performance Award and the terms and conditions governing this Performance Award are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Notice is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

14.5 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Performance Award or other awards granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party-designated by the Company.

14.6 Private Placement. The grant of the Performance Award is not intended to be a public offering of securities in your country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Performance Award is not subject to the supervision of the local securities authorities.

14.7 English Language. You acknowledge and agree that it is your express intent that the Notice, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Performance Award, be drawn up in English. If you are in a country where English is not an official language, you acknowledge that you are sufficiently proficient in English or have the ability to consult with an advisor who is sufficiently proficient in the English language, so as to allow you to understand the terms and conditions of this Notice, the Plan and any other documents related to the Performance Award. If you have received the Notice, the Plan or any other documents related to the Performance Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

14.8 Section 409A. This Performance Award is intended to be exempt from or otherwise comply with Section 409A of the U.S. Internal Revenue Code and the regulations and guidance issued thereunder ("Section 409A"), and shall be interpreted and construed consistently with such intent. If you are a Specified Employee (as defined by the Company for purposes of Section 409A) upon your separation from service (as defined under Section 409A), any payments that are subject to the requirements of Section 409A and payable upon such separation from service shall be delayed until six months after the date of the separation from service, to the extent required under Section 409A.

14.9 Compliance with Local Law. If you are resident or employed outside of the United States, as a condition to the grant of the Performance Award, you agree to repatriate all payments attributable to the shares of Common Stock or cash acquired under the Plan in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you agree to take any and all actions, and consent to any and all actions taken by the Company and its Related Companies, as may be required to allow the Company and its Related Companies to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

14.10 Requirements of Law. The Performance Award and payment thereof shall be subject to, and conditioned upon, satisfaction of all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

14.11 Addendum to Notice. Notwithstanding any provisions of this Notice to the contrary, the Performance Award shall be subject to such special terms and conditions for your country of residence (and country of employment, if different), as the Company may determine in its sole discretion and which shall be set forth in an addendum to these terms and conditions (the "Addendum"). If you transfer your residence and/or employment to another country, any special terms and conditions for such country will apply to the Performance Award to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Performance Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, the Addendum shall constitute part of this Notice.

14.12 Governing Law. All questions concerning the construction, validity and interpretation of this Notice and the Plan shall be governed and construed according to the laws of the State of Delaware in the United States, without regard to the application of the conflicts of laws provisions thereof, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum. Any disputes regarding this Performance Award or the Plan shall be brought only in the state or federal courts of the State of Delaware in the United States, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum.

14.13 Insider Trading Notice. You acknowledge that, depending on your broker's country of residence or where the Common Stock is listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of Common Stock, rights to Common Stock or rights linked to the value of Common Stock during such times you are considered to have "inside information" regarding the Company as defined in the laws or regulations in your country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. You understand that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any restrictions and you are advised to speak to your personal legal advisor on this matter.

14.14 Additional Requirements. The Company reserves the right to impose other requirements on the Performance Award, and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the administration of the Performance Award and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

14.15 Agreement to Terms of Plan, Notice and Addendum. By accepting the grant of the Performance Award, you acknowledge that you have read and understand this Notice, the Addendum to this Notice, and the Plan, and you specifically accept and agree to the provisions contained therein.

Addendum to
International Notice of Terms of Performance Award

In addition to the terms of the Plan and the Notice, the Award is subject to the following additional terms and conditions as set forth in this Addendum to the extent you reside and/or are employed in one of the countries addressed herein. All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Notice. To the extent you transfer residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Performance Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

United Kingdom

1. Clawback and Forfeiture Policy. The following shall modify Section 11.2 of the Notice:

Clauses (ii) and (iii) of Section 11.2 shall not apply.

This Performance Award and any proceeds resulting from the vesting of this Performance Award are also subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, within the Restricted Period: directly or indirectly, for your own benefit or that of others, (a) be employed by or otherwise provide services to a Competing Business which is being carried out or to be carried out in any Restricted Territory; (b) set up or carry on a Competing Business which is being carried out or to be carried out in any Restricted Territory; (c) solicit, attempt to solicit, assist in soliciting, entice away, or try to entice away, from the Company or any Related Company any Key Person; or (d) be personally involved to a material extent in accepting into employment, recruiting, engaging, or otherwise using the services of any Key Person. For the avoidance of doubt, none of the restrictions contained in this Section prevent you from holding any shares or other securities in any company or from doing anything for which the Company has given its prior written consent. The Company encourages you to seek such consent if necessary.

The restrictions this Section are considered by the parties to be fair and reasonable in all circumstances. Each of the restrictions contained in this Section, including the sub-paragraphs and sub-clauses thereof, constitutes an entirely separate, severable and independent restriction. If any restriction is found to be invalid this will not affect the validity or enforceability of any of the other restrictions. It is agreed that if any such restrictions by themselves, or taken together, are for any reason unenforceable, but would be enforceable if part or parts of the wording were deleted, the relevant restriction or restrictions shall apply with such deletion(s) as may be necessary to make it or them valid and enforceable.

For the purposes of this Section, any capitalized terms shall have the following meaning:

“Competing Business” means any business which competes with or is preparing to compete with (a) any business carried on by the Company or any Related Company; or (b) any business which the Company or any Related Company is proposing to carry on and has taken material steps towards conducting; and in each of cases (a) and (b) in respect of which business of the Company or Related Company you: (i) had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties; or (ii) otherwise obtained Relevant Confidential Information, in each case in the course of your employment.

“Key Person” means any employee, director, or consultant engaged by the Company or any Related Company who provides or has provided executive, managerial, supervisory, financial, engineering, creative, professional, technical, account handling, or similar services to the Company or any Related Company (a) with whom you have had material dealings; or (b) in respect of whom you have obtained Relevant Confidential Information about their skills, role, responsibilities, expertise, or other Relevant Confidential Information or material nonpublic information relevant to their potential recruitment or engagement, in each case at any time during the course of your employment.

“Relevant Confidential Information” means information not generally known outside the Company or any Related Company or information entrusted to the Company or any Related Company by third parties, which may relate (by way of example and without limitation) to inventions, formulas, patterns, devices, methods, processes, computer technology and programming, research, development, engineering, manufacturing, purchasing, accounting, marketing, or selling, and may be contained (by way of example and without limitation) in materials such as drawings, models, data, specifications, records, reports, complications, or computer programs, and may be in the nature of unwritten knowledge or know-how, in each case, that may or would be of value to any business which competes or is preparing to compete with the Company or a Related Company.

“Restricted Period” means the period ending on the earlier of: (a) the second anniversary of the later of the Vesting Date or the payment date for the Performance Award; or (b) the six month anniversary of your termination of employment.

“Restricted Territory” means: (a) the United Kingdom; or (b) any other country where the Company or a Related Company carries out business and in relation to which you have had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties during the course of your employment; or (c) any other country where the Company or a Related Company carries out business and in relation to which you acquired Relevant Confidential Information during the course of your employment.

2. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 12 of this Notice:

Without limitation to Section 12 of this Notice, you agree that you are liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by Her Majesty’s Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you within ninety (90) days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from you at any time thereafter by any of the means referred to in Section 12 of this Notice.

3. Exclusion of Claim. You acknowledge and agree that you shall have no entitlement to compensation or damages in consequence of the termination of your employment with the Company or any Related Company for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from your ceasing to have rights under or to be entitled to vesting in your Performance Award as a result of such termination, or from the loss or diminution in value of your Performance Award. Upon the grant of your Performance Award, you shall be deemed irrevocably to have waived any such entitlement.

4. Brexit. To the extent that the United Kingdom is no longer a part of the European Union following the United Kingdom’s anticipated withdrawal from the European Union, but the laws discussed herein still apply to the United Kingdom for a period of time following the anticipated withdrawal, all references to the European Union shall include the United Kingdom, unless otherwise stated in this document.

**International Notice of Terms
Restricted Stock Units (Stock-Settled)**

To: «Name»

BEMSID: «BEMS_ID»

Grant Date: «Grant Date»

As part of its executive compensation program, The Boeing Company (the “Company”) has awarded you a Restricted Stock Unit award (the “Award”) pursuant to The Boeing Company 2003 Incentive Stock Plan, as amended and restated from time to time (the “Plan”), and the provisions contained herein (the “Notice”). Capitalized terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Plan. Your Award is subject to the terms of the Plan. If there is any inconsistency between the terms of this Notice and the terms of the Plan, the Plan’s terms shall control. **You are required to accept and acknowledge the terms and conditions of the Award, through the mechanism and procedures determined by the Company, as a condition to receiving the Award.** The terms and conditions of the Award are as follows:

- 1. RSU Award.** You have been awarded «RSU_Units» Restricted Stock Units (“RSUs”). Each RSU corresponds to one share of Common Stock.
 - 2. RSU Account.** The Company will maintain a record of the number of awarded RSUs in an account established in your name.
 - 3. Vesting of RSUs.** Subject to Sections 6 and 7, your RSUs will vest on the third anniversary of the Grant Date (or if such date is not a Trading Day, the next Trading Day) (the “Vesting Date”). As soon as reasonably practicable following the Vesting Date, you shall receive a number of shares of Common Stock equal to the aggregate number of RSUs that vest as of such date. Notwithstanding the foregoing, the RSUs may be settled in the form of: (a) cash, to the extent settlement in shares of Common Stock (i) is not standard Company practice in your country of employment (ii) is prohibited under applicable laws, (iii) would require you, the Company or, if different, the Related Company that employs you (the “Employer”) to obtain the approval of any governmental and/or regulatory body in your country of residence (and country of employment, if different), or (iii) is administratively burdensome; or (b) shares of Common Stock, but the Company may require you to immediately sell such shares if necessary to comply with applicable laws (in which case, you hereby expressly authorize the Company to issue sales instructions in relation to such shares on your behalf). If, after the grant date but prior to the Vesting Date, you transfer employment to a Related Company in another country (you will be considered to have transferred to a Related Company if you are paid through that Related Company’s payroll) and the Company does not settle RSUs in shares of Common Stock in that country, the RSUs will be settled in cash. Subject to the terms and conditions outlined under Section 6 and 7, this Award is granted on the condition that you remain continuously employed by the Company or a Related Company from the Grant Date through the Vesting Date. “Trading Day” shall mean a day on which the New York Stock Exchange is open for trading.
 - 4. Dividend Equivalents.**
 - 4.1** While RSUs are in your account, they will earn dividend equivalents in the form of additional RSUs. Specifically, as of each dividend payment date for Common Stock, your RSU account will be credited with additional RSUs (“dividend equivalent RSUs”) equal in number to the number of shares of Common Stock that could be bought with the cash dividends that would be paid on the RSUs in your account if each RSU were one share of Common Stock.
 - 4.2** The number of shares of Common Stock that could be bought with the cash dividends will be calculated to two decimal places and will be based on the “Fair Market Value” of a share of Common Stock on the applicable dividend payment date. For purposes of this Award, “Fair Market Value” means the average of the high and the low per share trading prices for Common Stock as reported by *The Wall Street Journal* for the specific dividend payment date, or by such other source as the Company deems reliable.
 - 4.3** Dividend equivalent RSUs will vest at the same time and in the same manner as the RSUs with which they are associated.
 - 5. Adjustment in Number of RSUs.** The number of RSUs in your account will be adjusted proportionately for any increase or decrease in the number of issued shares of Common Stock resulting from any stock split, combination or exchange of Common Stock, consolidation, spin-off or recapitalization of Common Stock, or any similar capital adjustment or the payment of any stock dividend.
 - 6. Termination Due to Retirement, Layoff, Disability, or Death.** In the event your employment is terminated prior to
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the Vesting Date by reason of retirement, layoff, disability, or death, your RSU payout, including any dividend equivalent RSUs, will be prorated based on the number of full and partial calendar months you spent on the active payroll during the vesting period (beginning with the first full calendar month after the Grant Date). Payment for this Award will be made (i) in cash (rather than shares of Common Stock) as soon as administratively possible, but not later than 60 days after your termination of employment, in the event that your employment is terminated by reason of disability or death, or (ii) in shares of Common Stock at the same time as payment would have been made pursuant to Section 3 had your employment not terminated prior to the Vesting Date, in the event that your employment is terminated by reason of retirement or layoff (provided, however, that if your termination by reason of retirement or layoff results in a taxable event at the time of termination, payment of the Award may be made in accordance with clause (i)). For purposes of this Award, "retirement" means a voluntary termination of employment under the conditions that satisfy the definition of "retirement" under the terms of a defined benefit pension plan maintained by the Company or a Related Company in which you participate. If you are not eligible to participate in such a defined benefit pension plan, "retirement" means termination of employment voluntarily by you after you have attained either (x) age 55 with 10 years of service, or (y) age 62 with one year of service. For purposes of this Award, "disability" means a disability entitling you to benefits under any long-term disability policy sponsored by the Company or a Related Company.

7. **Forfeiture Upon Other Terminations.** In the event your employment is terminated prior to the Vesting Date for any reason (including for cause and resignation prior to retirement eligibility) other than those reasons described in Section 6, all RSUs (and all associated dividend equivalent RSUs) granted hereunder shall immediately be forfeited and canceled.
8. **Leave of Absence.** Unless otherwise required by law, in the event you have an authorized leave of absence at any time during the vesting period which absence extends beyond three full calendar months (including any absence that began before the Grant Date), your RSU payout, including any dividend equivalent RSUs, will be prorated based on the number of full and partial calendar months you spent on the active payroll during the vesting period (beginning with the first full calendar month after the Grant Date).
9. **Transferability.** RSUs are not transferable except by will or by laws of descent and distribution. You may designate a beneficiary to receive your Award in the event of your death.
10. **Clawback and Forfeiture Policy.**

10.1 This Award and any proceeds resulting from the vesting of this Award are subject to the Clawback Policy adopted by the Company's Board of Directors, as amended from time to time (the "Policy"). The Policy provides (among other things) that an Award may be subject to clawback and forfeiture (meaning that the Award or proceeds thereof must be promptly returned to the Company if already distributed, or that you will lose your entitlement to an Award if it has not yet been distributed) in the discretion of the Committee, if the Committee determines that you have (i) violated, or engaged in negligent conduct in connection with the supervision of someone who violated, any Company policy, law, or regulation that has compromised the safety of any of the Company's products or services and has, or reasonably could be expected to have, a material adverse impact on the Company, the Company's customers or the public; or (ii) engaged in fraud, bribery, or illegal acts like fraud or bribery, or knowingly failed to report such acts of an employee over whom you had direct supervisory responsibility.

10.2 In addition, subject to applicable law, or except as may be otherwise provided in the Addendum, this Award and any proceeds resulting from the vesting of this Award are subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, prior to the second anniversary of the later of the Vesting Date or receipt of payment of the Award: you (i) plead or admit to, are convicted of, or are otherwise found guilty of a criminal or indictable offense involving theft, fraud, embezzlement, or other similar unlawful acts against the Company or against the Company's interests; (ii) directly or indirectly engage in competition with any aspect of Company business with which you were involved or about which you gained Company proprietary or confidential information; (iii) induce or attempt to induce, directly or indirectly, any of the Company's employees, representatives or consultants to terminate, discontinue or cease working with or for the Company, or to breach any contract with the Company, in order to work with or for, or enter into a contract with, you or any third party; (iv) disparage or defame the Company or its products or current or former employees, provided that this clause shall not be construed to prohibit any individual from reporting, in good faith, suspected unlawful conduct in the workplace; or (v) take, misappropriate, use or disclose Company proprietary or confidential information. Clawback can, if possible and where permitted by local law, be made by deducting payments that will become due in future (including salary, bonuses, or share awards). Your acceptance of this Award shall constitute your acknowledgement and recognition that your compliance with this Section 10 is a condition for your receipt of this Award. For purposes of this Section 10, the Company shall include the Company and all Related Companies.

10.3 Nothing in this Section 10 will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings.

11. **Tax Withholding.** Subject to the terms of the Plan and as a condition to the grant of the RSUs, you acknowledge and
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agree that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or payment of the RSUs; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. If your country of employment (and/or the country of residence, if different) requires withholding of Tax-Related Items, then prior to the issuance and delivery of any shares of Common Stock or cash upon the vesting of this Award, the Company, the Employer, or any plan administrator, as applicable: (x) shall withhold a sufficient number of whole shares of Common Stock otherwise issuable upon the vesting of this Award that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld (in which case, the cash equivalent of such withheld shares of Common Stock shall be used to settle the withholding obligation); or (y) shall withhold an amount from your regular salary and/or wages, or from any other amounts payable to you, equal to the Tax-Related Items required to be withheld.

Depending on the withholding method, the Company, the Employer, or any plan administrator, as applicable, may withhold or account for Tax-Related Items by considering applicable statutory withholding rates, but such withholding shall not exceed an amount of withholding based on the maximum statutory rates in your applicable tax jurisdiction(s) (unless a lesser amount of withholding is required to avoid the classification of this Award as a liability on the Company's consolidated balance sheet or other adverse accounting treatment).

In the event the withholding requirements are not satisfied through the withholding of shares of Common Stock or through your regular salary and/or wages or other amounts payable to you, no shares of Common Stock will be issued to you and no cash payment will be made unless and until satisfactory arrangements (as determined by the Company or its delegate) have been made by you with respect to the payment of any Tax-Related Items which the Company determines, in its sole discretion, must be withheld or collected with respect to this Award. If you are subject to taxation in more than one jurisdiction, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting the grant of this Award, you expressly consent to the withholding of shares of Common Stock and/or the withholding of amounts from your regular salary and/or wages, or other amounts payable to you, as provided for hereunder. All other Tax-Related Items related to this Award and any shares of Common Stock or cash acquired pursuant to the vesting of this Award are your sole responsibility.

- 12. Consent to Collection, Processing and Transfer of Personal Data.** The Company is located at 100 North Riverside, Chicago, IL 60606, U.S.A. and grants RSUs under the Plan to employees of the Company and its Related Companies in its sole discretion. In conjunction with the Company's grant of the RSUs under the Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the RSUs, you expressly and explicitly consent to the Personal Data Activities as described herein.

12.1 Data Collection, Processing and Usage. The Company collects, processes and uses your personal data, including your name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Common Stock or directorships held in the Company, and details of all RSUs or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you. In granting the RSUs under the Plan, the Company will collect, process and use your personal data for purposes of allocating Common Stock and implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and usage of your personal data is your consent.

12.3 Stock Plan Administration Service Provider. The Company transfers your personal data to an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share your personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you to receive and trade Common Stock acquired under the Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the Plan.

12.3 International Data Transfers. The Company and the Stock Plan Administrator are based in the United States. You should note that your country of residence may have enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of your personal data to the United States is your consent.

12.4 Voluntariness and Consequences of Consent Denial or Withdrawal. Your participation in the Plan and your

grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you later withdraw your consent, you may be unable to participate in the Plan. This would not affect your existing employment or salary; instead, you would forfeit the opportunities associated with the Plan.

12.5 Data Subjects Rights. You may have a number of rights under the data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local human resources department.

13. Miscellaneous.

13.1 No Right to Continued Employment or Service. This Notice shall not confer upon you any right to continuation of employment by the Company or any Related Company nor shall this Notice interfere in any way with the Company's or any Related Company's right to terminate your employment at any time, except to the extent expressly provided otherwise in a written agreement between you and the Company or a Related Company or as prohibited by law.

13.2 Termination Indemnities. The Award is an extraordinary item of compensation outside the scope of your employment contract, if any. As such, the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which you may be otherwise entitled.

13.3 Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Award under the Plan is a one-time benefit and does not create any contractual or other right to receive other awards or benefits in lieu of awards in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, and the vesting provisions.

13.4 EU Age Discrimination Rules. If you are a local national of and employed in a country that is a member of the European Union, the grant of this Award and the terms and conditions governing this Award are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Notice is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

13.5 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award or other awards granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party-designated by the Company.

13.6 Private Placement. The grant of the Award is not intended to be a public offering of securities in your country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Award is not subject to the supervision of the local securities authorities.

13.7 English Language. You acknowledge and agree that it is your express intent that the Notice, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Award, be drawn up in English. If you are in a country where English is not an official language, you acknowledge that you are sufficiently proficient in English or have the ability to consult with an advisor who is sufficiently proficient in the English language, so as to allow you to understand the terms and conditions of this Notice, the Plan and any other documents related to the Award. If you have received the Notice, the Plan or any other documents related to the RSUs translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

13.8 Section 409A. This Award is intended to be exempt from or otherwise comply with Section 409A of the U.S. Internal Revenue Code and the regulations and guidance issued thereunder ("Section 409A"), and shall be interpreted and construed consistently with such intent. If you are a Specified Employee (as defined by the Company for purposes of Section 409A) upon your separation from service (as defined under Section 409A), any payments that are subject to the requirements of Section 409A and payable upon such separation from service shall be delayed until six months after the date of the separation from service, to the extent required under Section 409A.

13.9 Compliance with Local Law. If you are resident or employed outside of the United States, as a condition to the grant of the Award, you agree to repatriate all payments attributable to the shares of Common Stock or cash

acquired under the Plan in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you agree to take any and all actions, and consent to any and all actions taken by the Company and its Related Companies, as may be required to allow the Company and its Related Companies to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

13.10 Requirements of Law. The Award and payment thereof shall be subject to, and conditioned upon, satisfaction of all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

13.11 Addendum to Notice. Notwithstanding any provisions of this Notice to the contrary, the Award shall be subject to such special terms and conditions for your country of residence (and country of employment, if different), as the Company may determine in its sole discretion and which shall be set forth in an addendum to these terms and conditions (the "Addendum"). If you transfer your residence and/or employment to another country, any special terms and conditions for such country will apply to the Award to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, the Addendum shall constitute part of this Notice.

13.12 Governing Law. All questions concerning the construction, validity and interpretation of this Notice and the Plan shall be governed and construed according to the laws of the State of Delaware in the United States without regard to the application of the conflicts of laws provisions thereof, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum. Any disputes regarding this Award or the Plan shall be brought only in the state or federal courts of the State of Delaware in the United States, except as may be expressly required by other applicable law or as may be otherwise provided in the Addendum.

13.13 Insider Trading Notice. You acknowledge that, depending on your broker's country of residence or where Common Stock is listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of Common Stock, rights to Common Stock or rights linked to the value of Common Stock during such times you are considered to have "inside information" regarding the Company as defined in the laws or regulations in your country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. You understand that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any restrictions and you are advised to speak to your personal legal advisor on this matter.

13.14 Additional Requirements. The Company reserves the right to impose other requirements on the Award, and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

13.15 Agreement to Terms of Plan, Notice and Addendum. By accepting this Award, you acknowledge that you have read and understand this Notice, the Addendum to this Notice, and the Plan, and you specifically accept and agree to the provisions contained therein.

Addendum to

International Notice of Terms of Restricted Stock Units

In addition to the terms of the Plan and the Notice, the Award is subject to the following additional terms and conditions as set forth in this Addendum to the extent you reside and/or are employed in one of the countries addressed herein. All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and this Notice. To the extent you transfer residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

United Kingdom

1. Clawback and Forfeiture Policy. The following shall modify Section 10.2 of the Notice:

Clauses (ii) and (iii) of Section 10.2 shall not apply.

This Award and any proceeds resulting from the vesting of this Award are also subject to clawback and forfeiture in the event you engage in any of the following conduct, as determined by the Company or its delegate in its sole discretion, within the Restricted Period: directly or indirectly, for your own benefit or that of others, (a) be employed by or otherwise provide services to a Competing Business which is being carried out or to be carried out in any Restricted Territory; (b) set up or carry on a Competing Business which is being carried out or to be carried out in any Restricted Territory; (c) solicit, attempt to solicit, assist in soliciting, entice away, or try to entice away, from the Company or any Related Company any Key Person; or (d) be personally involved to a material extent in accepting into employment, recruiting, engaging, or otherwise using the services of any Key Person. For the avoidance of doubt, none of the restrictions contained in this Section prevent you from holding any shares or other securities in any company or from doing anything for which the Company has given its prior written consent. The Company encourages you to seek such consent if necessary.

The restrictions this Section are considered by the parties to be fair and reasonable in all circumstances. Each of the restrictions contained in this Section, including the sub-paragraphs and sub-clauses thereof, constitutes an entirely separate, severable and independent restriction. If any restriction is found to be invalid this will not affect the validity or enforceability of any of the other restrictions. It is agreed that if any such restrictions by themselves, or taken together, are for any reason unenforceable, but would be enforceable if part or parts of the wording were deleted, the relevant restriction or restrictions shall apply with such deletion(s) as may be necessary to make it or them valid and enforceable.

For the purposes of this Section, any capitalized terms shall have the following meaning:

“Competing Business” means any business which competes with or is preparing to compete with (a) any business carried on by the Company or any Related Company; or (b) any business which the Company or any Related Company is proposing to carry on and has taken material steps towards conducting; and in each of cases (a) and (b) in respect of which business of the Company or Related Company you: (i) had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties; or (ii) otherwise obtained Relevant Confidential Information, in each case in the course of your employment.

“Key Person” means any employee, director, or consultant engaged by the Company or any Related Company who provides or has provided executive, managerial, supervisory, financial, engineering, creative, professional, technical, account handling, or similar services to the Company or any Related Company (a) with whom you have had material dealings; or (b) in respect of whom you have obtained Relevant Confidential Information about their skills, role, responsibilities, expertise, or other Relevant Confidential Information or material nonpublic information relevant to their potential recruitment or engagement, in each case at any time during the course of your employment.

“Relevant Confidential Information” means information not generally known outside the Company or any Related Company or information entrusted to the Company or any Related Company by third parties, which may relate (by way of example and without limitation) to inventions, formulas, patterns, devices, methods, processes, computer technology and programming, research, development, engineering, manufacturing, purchasing, accounting, marketing, or selling, and may be contained (by way of example and without limitation) in materials such as drawings, models, data, specifications, records, reports, complications, or computer programs, and may be in the nature of unwritten knowledge or know-how, in each case, that may or would be of value to any business which competes or is preparing to compete with the Company or a Related Company.

“Restricted Period” means the period ending on the earlier of: (a) the second anniversary of the later of the Vesting Date or the payment date for the Award; or (b) the six month anniversary of your termination of employment.

“Restricted Territory” means: (a) the United Kingdom; or (b) any other country where the Company or a Related Company carries out business and in relation to which you have had material responsibilities (including, without limitation, supervisory or management responsibilities) or carried out material duties during the course of your employment; or (c) any other country where the Company or a Related Company carries out business and in relation to which you acquired Relevant Confidential Information during the course of your employment.

2. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 11 of this Notice:

Without limitation to Section 11 of this Notice, you agree that you are liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by Her Majesty’s Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you within ninety (90) days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from you at any time thereafter by any of the means referred to in Section 11 of this Notice.

3. Exclusion of Claim. You acknowledge and agree that you shall have no entitlement to compensation or damages in consequence of the termination of your employment with the Company or any Related Company for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from your ceasing to have rights under or to be entitled to vesting in your RSUs as a result of such termination, or from the loss or diminution in value of your RSUs. Upon the grant of your RSUs, you shall be deemed irrevocably to have waived any such entitlement.

4. Brexit. To the extent that the United Kingdom is no longer a part of the European Union following the United Kingdom’s anticipated withdrawal from the European Union, but the laws discussed herein still apply to the United Kingdom for a period of time following the anticipated withdrawal, all references to the European Union shall include the United Kingdom, unless otherwise stated in this document.

LETTER IN LIEU OF CONSENT FOR REVIEW REPORT

April 29, 2020

To the Board of Directors and Shareholders of
The Boeing Company
Chicago, Illinois

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of The Boeing Company and subsidiaries for the periods ended March 31, 2020 and 2019, as indicated in our report dated April 29, 2020; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, is incorporated by reference in Registration Statement Nos. 33-25332, 33-31434, 33-43854, 33-58798, 33-52773, 333-16363, 333-26867, 333-32461, 333-32491, 333-32499, 333-32567, 333-41920, 333-54234, 333-73252, 333-107677, 333-140837, 333-156403, 333-160752, 333-163637, 333-195777, and 333-228097 on Form S-8, and Registration Statement No. 333-219630 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Chicago, Illinois

**CERTIFICATION PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David L. Calhoun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Boeing Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2020

/s/ David L. Calhoun

David L. Calhoun
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gregory D. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Boeing Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2020

/s/ Gregory D. Smith

Gregory D. Smith
Chief Financial Officer and Executive Vice President, Enterprise Performance and Strategy

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The Boeing Company (the "Company") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David L. Calhoun, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David L. Calhoun

David L. Calhoun
President and Chief Executive Officer

April 29, 2020

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The Boeing Company (the "Company") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory D. Smith, Chief Financial Officer and Executive Vice President, Enterprise Performance and Strategy of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory D. Smith

Gregory D. Smith
Chief Financial Officer and Executive Vice President, Enterprise Performance and Strategy

April 29, 2020