



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

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**

**91-0425694**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

**100 N. Riverside Plaza, Chicago, IL**

**60606-1596**

(Address of principal executive offices)

(Zip Code)

**Registrant's telephone number, including area code (312)-544-2000**

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

Common Stock, \$5.00 Par Value

BA

New York Stock Exchange

(Title of each class)

(Trading Symbol)

(Name of each exchange on which registered)

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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, 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.

Large Accelerated Filer

☒

Accelerated filer

☐

Non-accelerated filer

☐

Smaller reporting company

☐

Emerging growth company

☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 ☒

As of June 30, 2021, there were 585,875,929 common shares outstanding held by nonaffiliates of the registrant, and the aggregate market value of the common shares (based upon the closing price of these shares on the New York Stock Exchange) was approximately \$140.4 billion.

The number of shares of the registrant's common stock outstanding as of January 24, 2022 was 582,999,765.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates information by reference to the registrant's definitive proxy statement, to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year ended December 31, 2021.

**THE BOEING COMPANY**  
**Index to the Form 10-K**  
**For the Fiscal Year Ended December 31, 2021**

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## PART I

### Item 1. Business

The Boeing Company, together with its subsidiaries (herein referred to as “Boeing,” the “Company,” “we,” “us,” “our”), is one of the world’s major aerospace firms.

We are organized based on the products and services we offer. We operate in four reportable segments:

- Commercial Airplanes (BCA);
- Defense, Space & Security (BDS);
- Global Services (BGS);
- Boeing Capital (BCC).

#### Commercial Airplanes Segment

This segment develops, produces and markets commercial jet aircraft and provides fleet support services, principally to the commercial airline industry worldwide. We are a leading producer of commercial aircraft and offer a family of commercial jetliners designed to meet a broad spectrum of global passenger and cargo requirements of airlines. This family of commercial jet aircraft in production includes the 737 narrow-body model and the 747, 767, 777 and 787 wide-body models. Development continues on the 777X program and certain 737 MAX derivatives.

#### Defense, Space & Security Segment

This segment engages in the research, development, production and modification of manned and unmanned military aircraft and weapons systems for strike, surveillance and mobility, including fighter and trainer aircraft; vertical lift, including rotorcraft and tilt-rotor aircraft; and commercial derivative aircraft, including anti-submarine and tanker aircraft. In addition, this segment engages in the research, development, production and modification of the following products and related services: strategic defense and intelligence systems, including strategic missile and defense systems, command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR), cyber and information solutions, and intelligence systems, satellite systems, including government and commercial satellites and space exploration.

BDS’ primary customer is the United States Department of Defense (U.S. DoD). Revenues from the U.S. DoD, including foreign military sales through the U.S. government, accounted for approximately 84% of its 2021 revenues. Other significant BDS customers include the National Aeronautics and Space Administration (NASA) and customers in international defense, civil and commercial satellite markets.

This segment’s primary products include the following fixed-wing military aircraft: F/A-18E/F Super Hornet, F-15 programs, P-8 programs, KC-46A Tanker and T-7A Red Hawk. This segment produces rotorcraft and rotary-wing programs, such as CH-47 Chinook, AH-64 Apache and V-22 Osprey. Unmanned vehicles include the MQ-25, QF-16 and Insitu’s Scan Eagle aircraft. In addition, this segment’s products include space and missile systems including: government and commercial satellites, NASA’s Space Launch System (SLS), the International Space Station, Commercial Crew, missile defense and weapons programs and Joint Direct Attack Munition, as well as the United Launch Alliance joint venture.

## **Global Services Segment**

This segment provides services to our commercial and defense customers worldwide. BGS sustains aerospace platforms and systems with a full spectrum of products and services, including supply chain and logistics management, engineering, maintenance and modifications, upgrades and conversions, spare parts, pilot and maintenance training systems and services, technical and maintenance documents, and data analytics and digital services.

## **Boeing Capital Segment**

BCC seeks to ensure that Boeing customers have the financing they need to buy and take delivery of their Boeing product, while managing overall financing exposure. BCC's portfolio consists of equipment under operating leases, sales-type/finance leases, notes and other receivables, assets held for sale or re-lease and investments.

## **Intellectual Property**

We own numerous patents and have licenses for the use of patents owned by others, which relate to our products and their manufacture. In addition to owning a large portfolio of intellectual property, we also license intellectual property to and from third parties. For example, the U.S. government has licenses in our patents that are developed in performance of government contracts, and it may use or authorize others to use the inventions covered by such patents for government purposes. Unpatented research, development and engineering skills, as well as certain trademarks, trade secrets and other intellectual property rights, also make an important contribution to our business. While our intellectual property rights in the aggregate are important to the operation of each of our businesses, we do not believe that our business would be materially affected by the expiration of any particular intellectual property right or termination of any particular intellectual property patent license agreement.

## **Human Capital**

The COVID-19 pandemic continues to impact lives and businesses around the world. We have taken proactive steps to help protect the health and safety of our employees and maintain business continuity. As COVID-19 vaccines became available, we strongly encouraged employees to get vaccinated when eligible, followed federal and state government vaccination requirements, provided resources and support to help employees get vaccinated, offered paid time off for primary and booster vaccinations, and supported vaccination clinics for our employees and their families. We provided access to virtual primary care physicians at no cost. We expanded our virtual work options and many of our office workers continue to telecommute. We have maintained safety protocols at our sites, including face coverings, physical distance requirements and enhanced cleaning requirements. We continue to encourage daily self-health checks and operate our coronavirus hotline, which enables employees to report exposure to COVID-19 and positive COVID-19 test results directly to our Health Services group. As part of that reporting process, we have a robust contact tracing program to identify those who have been in close contact in the workplace with employees who have tested positive for COVID-19. All of the actions above are overseen by Boeing's Crisis Management Working Group, a multi-functional, multi-discipline team tasked with integrating all aspects of Boeing's COVID-19 response.

As of December 31, 2021, Boeing's total workforce was approximately 142,000, with 12% located outside of the U.S.

As of December 31, 2021, our workforce is composed of approximately 47,000 union members. Our principal collective bargaining agreements were with the following unions:

Union	Percent of our Employees Represented	Status of the Agreements with Major Union
The International Association of Machinists and Aerospace Workers (IAM)	20%	We have two major agreements; one expiring in July 2022 and one in September 2024.
The Society of Professional Engineering Employees in Aerospace (SPEEA)	10%	We have two major agreements expiring in October 2026.
The United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)	1%	We have one major agreement expiring in October 2022.

We aspire to be the most equitable, diverse and inclusive company. Guided by our values, we are committed to creating a company where everyone is included and respected, and where we support each other in reaching our full potential. We are committed to diverse representation across all levels of our workforce to reflect the vibrant and thriving diversity of the communities in which we live and work. In June of 2021, we released our first Global Equity, Diversity and Inclusion report with our workforce composition. As of December 2020, our U.S. workforce was comprised of approximately 23% women, 31% racial and ethnic minorities and 15% veterans. We also support Business Resource Groups open to all employees with more than 13,000 participants across 150 chapters globally that focus on gender, race & ethnicity, generations, gender identity, sexual orientation, disability or veteran status. These groups help foster inclusion among all teammates, build awareness, recruit and retain a diverse workforce and support the company in successfully operating in a global, multicultural business environment. We are committed to releasing a Global Equity, Diversity and Inclusion report in 2022 which will be updated with 2021 information. Our 2021 report can be found on our website.

To attract and retain the best-qualified talent, we offer competitive benefits, including market-competitive compensation, healthcare, paid time off, parental leave, retirement benefits, tuition assistance, employee skills development, leadership development and rotation programs. In 2021, our voluntary resignation rate was approximately 4%. Additionally, we hired approximately 9,800 new employees in 2021 for critical skills and had an offer acceptance rate of 83%.

Employees are encouraged to provide feedback about their experience through ongoing employee engagement activities. Boeing actively listens to its employees via surveys ranging from pre-hire to exiting the company. These voluntary surveys provide aggregate trend reports for the company to address in real time and ensure Boeing maintains an employee-focused experience and culture. We also invest in rewarding performance and have established a multi-level recognition program for the purpose of acknowledging the achievements of excellent individual or team performance.

We are committed to supporting our employees' continuous development of professional, technical and leadership skills through access to digital learning resources and through partnerships with leading professional/technical societies and organizations around the world. For 2021, Boeing employees consumed approximately 3.6 million hours of learning. We offer the ability for our people to pursue degree programs, professional certificates and individual courses in strategic fields of study from more than 300 accredited colleges and universities, online and across the globe through our tuition assistance program. Over 10,000 Boeing employees leverage these programs every year.

Safety, quality, integrity and sustainability are at the core of how Boeing operates. We aspire to achieve zero workplace injuries and provide a safe, open and accountable work environment for our employees. We provide several channels for all employees to speak up, ask for guidance and report concerns related to ethics or safety violations. We address employee concerns and take appropriate actions that uphold our Boeing values.

## **Competition**

The commercial jet aircraft market and the airline industry remain extremely competitive. We face aggressive international competitors who are intent on increasing their market share, such as Airbus and other entrants from Russia, China and Japan. We are focused on improving our processes and continuing cost reduction efforts. We intend to continue to compete with other airplane manufacturers by providing customers with higher quality products.

BDS faces strong competition in all market segments, primarily from Lockheed Martin Corporation, Northrop Grumman Corporation, Raytheon Technologies Corporation, General Dynamics Corporation and SpaceX. Non-U.S. companies such as BAE Systems and Airbus Group continue to build a strategic presence in the U.S. market by strengthening their North American operations and partnering with U.S. defense companies. In addition, certain competitors have occasionally formed teams with other competitors to address specific customer requirements. BDS expects the trend of strong competition to continue into 2022.

The commercial and defense services markets are extremely challenging and are made up of many of the same strong U.S. and non-U.S. competitors facing BCA and BDS along with other competitors in those markets. BGS leverages our extensive services network offering products and services which span the life cycle of our defense and commercial airplane programs: training, fleet services and logistics, maintenance and engineering, modifications and upgrades, as well as the daily cycle of gate-to-gate operations. BGS expects the market to remain highly competitive in 2022, and intends to grow market share by leveraging a high level of customer satisfaction and productivity.

## **Regulatory Matters**

Our businesses are heavily regulated in most of our markets. We work with numerous U.S. government agencies and entities, including but not limited to, all of the branches of the U.S. military, NASA, the Federal Aviation Administration (FAA) and the Department of Homeland Security. Similar government authorities exist in our non-U.S. markets.

*Government Contracts.* The U.S. government, and other governments, may terminate any of our government contracts at their convenience, as well as for default based on our failure to meet specified performance requirements. If any of our U.S. government contracts were to be terminated for convenience, we generally would be entitled to receive payment for work completed and allowable termination or cancellation costs. If any of our government contracts were to be terminated for default, generally the U.S. government would pay only for the work that has been accepted and could require us to pay the difference between the original contract price and the cost to re-procure the contract items, net of the work accepted from the original contract. The U.S. government can also hold us liable for damages resulting from the default.

*Commercial Aircraft.* In the U.S., our commercial aircraft products are required to comply with FAA regulations governing production and quality systems, airworthiness and installation approvals, repair procedures and continuing operational safety. New aircraft models and new derivative aircraft are required to obtain FAA certification prior to entry into service. Outside the U.S., similar requirements exist for airworthiness, installation and operational approvals. These requirements are generally

administered by the national aviation authorities of each country and, in the case of Europe, coordinated by the European Union Aviation Safety Agency.

*Environmental.* We are subject to various federal, state, local and non-U.S. laws and regulations relating to environmental protection, including the discharge, treatment, storage, disposal and remediation of hazardous substances and wastes. We could also be affected by future laws and regulations relating to climate change, including laws related to greenhouse gas emissions. These laws and regulations could lead to increased environmental compliance expenditures, increased energy and raw materials costs and new and/or additional investment in designs and technologies. We continually assess our compliance status and management of environmental matters to ensure our operations are in compliance with all applicable environmental laws and regulations. Investigation, remediation and operation and maintenance costs associated with environmental compliance and management of sites are a normal, recurring part of our operations. These costs often are allowable costs under our contracts with the U.S. government. It is reasonably possible that costs incurred to ensure continued environmental compliance could have a material impact on our results of operations, financial condition or cash flows if additional work requirements or more stringent clean-up standards are imposed by regulators, new areas of soil, air and groundwater contamination are discovered and/or expansions of work scope are prompted by the results of investigations.

A Potentially Responsible Party (PRP) has joint and several liability under existing U.S. environmental laws. Where we have been designated a PRP by the Environmental Protection Agency or a state environmental agency, we are potentially liable to the government or third parties for the full cost of remediating contamination at our facilities, former facilities or third-party sites. If we were required to fully fund the remediation of a site for which we were originally assigned a partial share, the statutory framework would allow us to pursue rights to contribution from other PRPs. For additional information relating to environmental contingencies, see Note 13 to our Consolidated Financial Statements.

*Non-U.S. Sales.* Our non-U.S. sales are subject to both U.S. and non-U.S. governmental regulations and procurement policies and practices, including regulations relating to import-export control, tariffs, investment, exchange controls, anti-corruption and repatriation of earnings. Non-U.S. sales are also subject to varying currency, political and economic risks.

#### **Raw Materials, Parts and Subassemblies**

We are highly dependent on the availability of essential materials, parts and subassemblies from our suppliers and subcontractors. The most important raw materials required for our aerospace products are aluminum (sheet, plate, forgings and extrusions), titanium (sheet, plate, forgings and extrusions) and composites (including carbon and boron). Although alternative sources generally exist for these raw materials, qualification of the sources could take a year or more. Many major components and product equipment items are procured or subcontracted on a sole-source basis.

#### **Suppliers**

We are dependent upon the ability of a large number of U.S. and non-U.S. suppliers and subcontractors to meet performance specifications, quality standards and delivery schedules at our anticipated costs. While we maintain an extensive qualification and performance surveillance system to control risk associated with such reliance on third parties, failure of suppliers or subcontractors to meet commitments could adversely affect production schedules and program/contract profitability, thereby jeopardizing our ability to fulfill commitments to our customers. We are also dependent on the availability of energy sources, such as electricity, at affordable prices.

## **Seasonality**

No material portion of our business is considered to be seasonal.

## **Executive Officers of the Registrant**

See “Item 10. Directors, Executive Officers and Corporate Governance” in Part III.

## **Other Information**

Boeing was originally incorporated in the State of Washington in 1916 and reincorporated in Delaware in 1934. Our principal executive offices are located at 100 N. Riverside Plaza, Chicago, Illinois 60606, and our telephone number is (312) 544-2000.

General information about us can be found at [www.boeing.com](http://www.boeing.com). The information contained on or connected to our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the Securities and Exchange Commission (SEC). Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website as soon as reasonably practicable after we file them with, or furnish them to, the SEC. The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information regarding SEC registrants, including Boeing.

## **Forward-Looking Statements**

This report, as well as our annual report to shareholders, quarterly reports and other filings we make with the SEC, press and earnings releases and other written and oral communications, contain “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, including those set forth in the “Risk Factors” section below and other important factors disclosed in this report and from time to time in our other filings with the SEC, could cause actual results to differ materially and adversely from these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise any forward-looking statement whether as a result of new information, future events or otherwise, except as required by law.

## Item 1A. Risk Factors

An investment in our common stock or debt securities involves risks and uncertainties and our actual results and future trends may differ materially from our past or projected future performance. We urge investors to consider carefully the risk factors described below in evaluating the information contained in this report.

### Risks Related to COVID-19

***We face significant risks related to the spread of the COVID-19 virus and 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. 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 operations and in our supply chain and challenges to the ongoing viability of some of our customers. In addition, future vaccination mandates or other government requirements may further disrupt our operations and those of our customers and suppliers. We may face similar risks in connection with any future public health crises, including resurgences in the spread of COVID-19.***

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. These challenges have included, and may in the future include, production site shutdowns, workplace disruptions and restrictions on the movement of people, social distancing guidelines, increased employee absenteeism due to illness and/or quarantine/contact tracing requirements, as well as reduced availability of raw materials and goods, both at our own facilities and those of our customers and suppliers.

During the second quarter of 2020, we temporarily suspended operations in Puget Sound, South Carolina, and Philadelphia, as well as at several other key production sites. We had not previously experienced a complete suspension of our operations at these production sites. While we have resumed operations at all of our production sites, we cannot predict whether or where further production disruptions could be required or what the ongoing impact of COVID-19-related operating restrictions will be. For example, we continue to experience near-term production disruptions and inefficiencies as well as additional operating costs due to social distancing requirements, increased levels of employee absenteeism and other factors related to COVID-19 restrictions. We cannot predict the impact that future production disruptions may have on our business, operations, financial performance and financial condition. We continue to monitor federal, state and municipal health authorities for new or modified guidance and requirements concerning the COVID-19 pandemic, and we may be required to impose additional operational restrictions and/or suspend operations at key production sites based on these requirements and recommendations and/or workplace disruptions caused by COVID-19. If future vaccination mandates or other similar governmental requirements take effect, or if COVID-19 case rates worsen at one or more of our production facilities, we may face further increases in employee absenteeism and/or attrition, any of which could cause operational disruptions and otherwise have an adverse effect on our business and results of operations.

Many of our suppliers also were required to suspend operations during the second quarter of 2020. In 2021, we experienced part shortages which disrupted our operations and delayed deliveries. We may experience additional disruptions and/or part shortages in 2022. Any such disruptions could have severe adverse impacts on our production costs, delivery schedule and/or ability to meet customer commitments.

Further production disruptions and inefficiencies, suspension of operations or delayed recovery in our operations, and/or any comparable impacts involving one or more of our key suppliers, or the failure of any of our key suppliers, would result in further challenges to our business, which could have a further material adverse effect on our business, financial position, results of operations and/or cash flows.

**Liquidity risks:** The COVID-19 pandemic has also had a significant impact on our liquidity and overall debt levels. During the year ended December 31, 2021, net cash used by operating activities was \$3.4 billion. At December 31, 2021, cash and short-term investments totaled \$16.2 billion. Our debt balance totaled \$58.1 billion at December 31, 2021, down from \$63.6 billion at December 31, 2020. We expect negative operating cash flows in future quarters until deliveries begin to return to historical levels, and if the pace and scope of the recovery are worse than we currently contemplate, we may need to obtain additional financing in order to fund our operations and obligations. If we were to need to obtain additional financing, uncertainty related to COVID-19 and its impact on us and the aerospace industry, as well as continued uncertainty with respect to our credit rating could limit our access to credit markets 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. Factors that could limit our access to additional liquidity include further disruptions in the global capital markets and/or additional declines in our financial performance, outlook or credit ratings. The occurrence of any or all of these events could adversely affect our ability to fund our operations and/or meet outstanding debt obligations and contractual commitments. In addition, further 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. This trend has impacted passenger traffic most severely. Most airlines have significantly reduced their capacity, and many could implement further reductions. Many airlines are also implementing significant reductions in staffing. 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 \$1.8 billion as of December 31, 2021 and/or requiring us to remarket aircraft that have already been produced and/or are currently in backlog. If we are unable to successfully remarket these aircraft and/or the narrow-body and wide-body markets do not recover as soon as we are currently assuming, or if we are required to further reduce production rates and/or contract the accounting quantity on any of our commercial programs, we could experience material reductions in earnings and/or be required to recognize a reach-forward loss on one or more of our programs. For example, in the fourth quarter of 2020, we recognized a reach-forward loss on the 777X program in part due to impacts related to the COVID-19 pandemic. Additionally, we may experience fewer new orders and increased cancellations across all of our commercial airplane programs as a result of the COVID-19 pandemic and associated impacts on demand. Our customers may also lack sufficient liquidity to purchase new aircraft due to impacts from the pandemic.

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. In addition, airlines may experience reduced demand due to reluctance by the flying public to travel as a result of travel restrictions and/or social distancing requirements.

As a result, there is significant uncertainty with respect to whether and at what point commercial air traffic capacity will return to and/or exceed pre-COVID-19 levels. This uncertainty may 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 pandemic

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 position, results of operations and/or 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 and continues to adversely affect our business and operating and financial results. For example, during the fourth quarter of 2020, due in part to the prolonged adverse impact of the pandemic on our earnings, we recorded an increase of \$2.5 billion to the valuation allowance associated with deferred income tax assets. The pandemic also is expected to heighten many of the other risks described below. For example, the COVID-19 pandemic could cause and continue to cause an increasingly competitive labor market due to a sustained labor shortage or increased turnover rates within our employee base. 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.

### **Risks Related to Our Business and Operations**

***We remain subject to a number of risks and uncertainties related to the 737 MAX. These risks include uncertainties regarding the timing and conditions of remaining 737 MAX regulatory approvals, lower than planned production rates and/or delivery rates, additional considerations to customers, increased supplier costs and supply chain health, changes to the assumptions and estimates made in our financial statements regarding the 737 program and potential outcomes of 737 MAX-related legal proceedings and government investigations that remain outstanding.***

On March 13, 2019, the 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 issued directives to the same effect. Deliveries of the 737 MAX were suspended until December 2020. The grounding reduced revenues, operating margins and cash flows, and will continue to do so until production rates return to pre-grounding levels. While we have received regulatory approval to return the 737 MAX to service in most jurisdictions, we continue to work with certain non-U.S. civil aviation authorities to complete remaining steps toward certification and readiness for return to service worldwide. Any delays in the completion of the certification activities and/or the ramp-up of deliveries or other liabilities associated with the accidents or grounding could have a material adverse effect on our financial position, results of operations and/or cash flows. In addition, multiple legal actions have been filed against us related to the 737 MAX. We also are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX, including an ongoing investigation by the Securities and Exchange Commission. We also remain subject to compliance with a Deferred Prosecution Agreement with the U.S. Department of Justice relating to the Department of Justice's investigation into us regarding the evaluation of the 737 MAX airplane by the FAA. We expensed \$744 million in the fourth quarter of 2020 related to this agreement. Any further adverse impacts related to any such litigation or investigations could have a further material impact on our financial position, results of operations and/or cash flows.

During 2019, we announced plans to reduce, and ultimately to suspend 737 production. Impacts related to our suspension of 737 MAX production from 2019 to 2020 significantly increased costs to produce aircraft included in the current accounting quantity and have resulted in reduced 737 program and overall BCA segment operating margins. We have also made significant assumptions regarding estimated costs expected to be incurred in 2022 that should be included in program inventory and those estimated costs that will be expensed when incurred as abnormal production costs. If the completion of remaining certification activities and/or our ability to deliver 737 aircraft to customers is impaired, we will incur significant additional costs and/or be required to delay the planned ramp-up of 737 production. These delays would also result in significant additional disruption to the 737 production system and

further delay efforts to restore and/or implement previously planned increases in the 737 production rate. Cash flows continue to be negatively impacted by delayed payments from customers, higher costs and inventory levels, and payments made to customers in connection with disruption to their operations. In addition, we have experienced claims and assertions from customers in connection with the grounding and associated delivery delays, and recorded an estimate of potential concessions and other considerations to customers for these disruptions. As of December 31, 2021, the remaining liability associated with these concessions and other considerations totaled \$2.9 billion, of which \$0.7 billion remains subject to negotiation.

Any further delays in regulatory approval of the 737 MAX in one or more jurisdictions, further disruptions to suppliers and/or the long-term health of the production system, supplier claims or assertions, or changes to estimated concessions or other considerations we expect to provide to customers could have a material adverse effect on our financial position, results of operations and/or cash flows. In the event of unanticipated additional training requirements in one or more jurisdictions, delays in regulatory approval and/or delays in our ability to resume deliveries to one or more customers, we may be required to take actions with longer-term impact, such as further changes to our production plans, employment reductions and/or the expenditure of significant resources to support our supply chain and/or customers.

We have made significant estimates with respect to the 737 program regarding the number of units to be produced, the period during which those units are likely to be produced, and the units' expected sales prices, production costs, program tooling and other non-recurring costs, and routine warranty costs. We have made assumptions regarding outcomes of accident investigations and other government inquiries, timing of future 737 production rate increases, timing and sequence of future deliveries, supply chain health as we implement our production plans, as well as outcomes of negotiations with customers. Any changes in these estimates and/or assumptions with respect to the 737 program could have a material impact on our financial position, results of operations and/or cash flows.

***In addition to the impact of COVID-19 described above, our Commercial Airplanes and Global Services businesses depend heavily on commercial airlines, and are subject to unique risks.***

*Market conditions have a significant impact on demand for our commercial aircraft and related services.* The commercial aircraft market is predominantly driven by long-term trends in airline passenger and cargo traffic. The principal factors underlying long-term traffic growth are sustained economic growth and political stability both in developed and emerging markets. Demand for our commercial aircraft is further influenced by airline profitability, availability of aircraft financing, world trade policies, government-to-government relations, technological advances, price and other competitive factors, fuel prices, terrorism, epidemics and environmental regulations. Traditionally, the airline industry has been cyclical and very competitive and has experienced significant profit swings and constant challenges to be more cost competitive. Significant deterioration in the global economic environment, the airline industry generally or the financial stability of one or more of our major customers could result in fewer new orders for aircraft or services, or could cause customers to seek to postpone or cancel contractual orders and/or payments to us, which could result in lower revenues, profitability and cash flows and a reduction in our contractual backlog. In addition, because our commercial aircraft backlog consists of aircraft scheduled for delivery over a period of several years, any of these macroeconomic, industry or customer impacts could unexpectedly affect deliveries over a long period.

*We enter into firm fixed-price aircraft sales contracts with indexed price escalation clauses, which could subject us to losses if we have cost overruns or if increases in our costs exceed the applicable escalation rate.* Commercial aircraft sales contracts are often entered into years before the aircraft are delivered. In order to help account for economic fluctuations between the contract date and delivery date, aircraft pricing generally consists of a fixed amount as modified by price escalation formulas

derived from labor, commodity and other price indices. Our revenue estimates are based on current expectations with respect to these escalation formulas, but the actual escalation amounts are outside of our control. Escalation factors can fluctuate significantly from period to period. Changes in escalation amounts can significantly impact revenues and operating margins in our Commercial Airplanes business.

*We derive a significant portion of our revenues from a limited number of commercial airlines. We can make no assurance that any customer will exercise purchase options, fulfill existing purchase commitments or purchase additional products or services from us. In addition, fleet decisions, airline consolidations or financial challenges involving any of our major commercial airline customers could significantly reduce our revenues and limit our opportunity to generate profits from those customers.*

***Our Commercial Airplanes business depends on our ability to maintain a healthy production system, ensure every airplane in our production system conforms to our exacting specification, achieve planned production rate targets, successfully develop new aircraft or new derivative aircraft, and meet or exceed stringent performance and reliability standards.***

The commercial aircraft business is extremely complex, involving extensive coordination and integration with U.S. and non-U.S. suppliers, highly-skilled labor from thousands of employees and other partners, and stringent regulatory requirements, including the risk of evolving standards for commercial aircraft certification, and performance and reliability standards. The FAA has been working to implement safety reforms such as the implementation of the 2018 FAA Reauthorization Act and the 2020 Aircraft Certification, Safety and Accountability Act, among them changing the process for certification of commercial aircraft. Comparable agencies that regulate similar matters in other countries may adopt similar changes. To the extent the FAA or other similar regulatory agencies outside the U.S. implement more stringent regulations, we may incur additional costs to achieve compliance. In addition, the introduction of new aircraft programs and/or derivatives, such as the 777X, involves increased risks associated with meeting development, testing, production and certification schedules. The 737 program experienced significant disruption due to the grounding of the 737 MAX and associated suspension of commercial operations of the 737 MAX aircraft by civil aviation authorities around the globe. 737 MAX deliveries resumed in late 2020 and early 2021 upon approval of the FAA and other non-U.S. civil aviation authorities. During 2020 and 2021, we experienced production quality issues, including in our supply chain, which have contributed to lower 787 deliveries, including a pause in 787 deliveries since May 2021. During 2021, this resulted in reprioritizing production resources to support inspections and rework. We continue to conduct inspections and rework on undelivered 787 aircraft and engage in detailed discussions with the FAA regarding required actions for resuming delivery. A number of our customers may have contractual remedies, including compensation for late deliveries as well as rights to reject individual airplane deliveries if the actual delivery date is significantly later than the contractual delivery date. The regulators will ultimately determine the timing and conditions for resuming 787 deliveries. Delays on the 737 MAX, 777X and 787 programs have resulted in, and may continue to result in, customers having the right to terminate orders and/or substitute orders for other Boeing aircraft.

*We must minimize disruption caused by production changes, achieve operational stability and implement productivity improvements in order to meet customer demand and maintain our profitability.* We have previously announced plans to adjust production rates on several of our commercial aircraft programs. During 2021, we reprioritized production resources to support inspections and rework on undelivered 787 aircraft. The 787 program is currently producing at very low rates and expects that to continue until deliveries resume. We are also continuing to implement changes in the production process designed to ensure that newly-built airplanes meet our specifications and do not require further inspections and rework. In addition, we continue to seek opportunities to reduce the costs of building our aircraft, including working with our suppliers to reduce supplier costs, identifying and implementing productivity improvements and optimizing how we manage inventory. If production rate changes at any

of our commercial aircraft assembly facilities are delayed or create significant disruption to our production system, or if our suppliers cannot timely deliver components to us at the cost and rates necessary to achieve our targets, we may be unable to meet delivery schedules and/or the financial performance of one or more of our programs may suffer.

*Operational challenges impacting the production system for one or more of our commercial aircraft programs could result in production delays and/or failure to meet customer demand for new aircraft, either of which would negatively impact our revenues and operating margins.* Our commercial aircraft production system is extremely complex. Operational issues, including delays or defects in supplier components, failure to meet internal performance plans, or delays or failures to achieve required regulatory approval, could result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers, impacts to aircraft performance and/or increased warranty or fleet support costs. For example, in 2021, we performed additional inspections and associated rework on 787 aircraft in inventory and continued discussions with the FAA regarding required actions to resume deliveries, resulting in additional costs and further delays in aircraft deliveries to customers.

*If our commercial airplanes fail to satisfy performance and reliability requirements, we could face additional costs and/or lower revenues.* Developing and manufacturing commercial aircraft that meet or exceed our performance and reliability standards, as well as those of customers and regulatory agencies, can be costly and technologically challenging. These challenges are particularly significant with newer aircraft programs. Any failure of any Boeing aircraft to satisfy performance or reliability requirements could result in disruption to our operations, higher costs and/or lower revenues.

***Changes in levels of U.S. government defense spending or overall acquisition priorities could negatively impact our financial position and results of operations.***

We derive a substantial portion of our revenue from the U.S. government, primarily from defense related programs with the U.S. DoD. Levels of U.S. defense spending are very difficult to predict and may be impacted by numerous factors such as the evolving nature of the national security threat environment, U.S. national security strategy, U.S. foreign policy, the domestic political environment, macroeconomic conditions and the ability of the U.S. government to enact relevant legislation such as authorization and appropriations bills.

The timeliness of FY22 and future appropriations for government departments and agencies remains a recurrent risk. A lapse in appropriations for government departments or agencies would result in a full or partial government shutdown, which could impact the Company's operations. Alternatively, Congress may fund government departments and agencies with one or more Continuing Resolutions; however, this would restrict the execution of certain program activities and delay new programs or competitions. In addition, long-term uncertainty remains with respect to overall levels of defense spending in FY22 and beyond, and it is likely that U.S. government discretionary spending, including defense spending, will continue to be subject to pressure.

There continues to be uncertainty with respect to future acquisition priorities and program-level appropriations for the U.S. DoD and other government agencies (including NASA), including changes to national security and defense priorities, and tension between modernization investments, sustainment investments, and investments in new technologies or emergent capabilities. Future investment priority changes or budget cuts, including changes associated with the authorizations and appropriations process, could result in reductions, cancellations, and/or delays of existing contracts or programs, or future program opportunities. Any of these impacts could have a material effect on the results of the Company's financial position, results of operations and/or cash flows.

In addition, as a result of the significant ongoing uncertainty with respect to both U.S. defense spending and the evolving nature of the national security threat environment, we also expect the U.S. DoD to continue to emphasize affordability, innovation, cybersecurity and delivery of technical data and

software in its procurement processes. If we can no longer adjust successfully to these changing acquisition policies, our revenues and market share could be impacted. Also, additional federal appropriations to cover the increased costs of federal contractors' compliance with evolving U.S. Government contractual requirements associated with COVID-19 mitigation are unlikely, reducing the U.S. Government's buying power.

***Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of raw materials and other components.***

We rely on other companies, including U.S. and non-U.S. subcontractors and suppliers, to provide and produce raw materials, integrated components and sub-assemblies, and production commodities and to perform some of the services that we provide to our customers. If one or more of our suppliers or subcontractors experiences financial difficulties, delivery delays or other performance problems, we may be unable to meet commitments to our customers or incur additional costs. In addition, if one or more of the raw materials on which we depend (such as aluminum, titanium or composites) becomes unavailable to us or our suppliers, or is available only at very high prices, we may be unable to deliver one or more of our products in a timely fashion or at budgeted costs. In some instances, we depend upon a single source of supply. Any service disruption from one of these suppliers, either due to circumstances beyond the supplier's control, such as geopolitical developments, or as a result of performance problems or financial difficulties, could have a material adverse effect on our ability to meet commitments to our customers or increase our operating costs.

***Competition within our markets and with respect to the products we sell may reduce our future contracts and sales.***

The markets in which we operate are highly competitive and one or more of our competitors may have more extensive or more specialized engineering, manufacturing and marketing capabilities than we do in some areas. In our Commercial Airplanes business, we anticipate increasing competition among non-U.S. aircraft manufacturers of commercial jet aircraft. In our BDS business, we anticipate that the effects of defense industry consolidation, shifting acquisition and budget priorities, and continued cost pressure at our U.S. DoD and non-U.S. customers will intensify competition for many of our BDS products. Our BGS segment faces competition from many of the same strong U.S. and non-U.S. competitors facing BCA and BDS. Furthermore, we are facing increased international competition and cross-border consolidation of competition. There can be no assurance that we will be able to compete successfully against our current or future competitors or that the competitive pressures we face will not result in reduced revenues and market share.

***We derive a significant portion of our revenues from non-U.S. sales and are subject to the risks of doing business in other countries.***

In 2021, non-U.S. customers, which includes foreign military sales (FMS), accounted for approximately 37% of our revenues. We expect that non-U.S. sales will continue to account for a significant portion of our revenues for the foreseeable future. As a result, we are subject to risks of doing business internationally, including:

- changes in regulatory requirements or other executive branch actions, such as Executive Orders;
- changes in the global trade environment, including disputes with authorities in non-U.S. jurisdictions, including international trade authorities, that could impact sales and/or delivery of products and services outside the U.S. and/or impose costs on our customers in the form of tariffs, duties or penalties attributable to the importation of Boeing products and services;

- U.S. and non-U.S. government policies, including requirements to expend a portion of program funds locally and governmental industrial cooperation or participation requirements;
- fluctuations in international currency exchange rates;
- volatility in international political and economic environments and changes in non-U.S. national priorities and budgets, which can lead to delays or fluctuations in orders;
- the complexity and necessity of using non-U.S. representatives and consultants;
- the uncertainty of the ability of non-U.S. customers to finance purchases, including the availability of financing from the Export-Import Bank of the United States;
- uncertainties and restrictions concerning the availability of funding credit or guarantees;
- imposition of domestic and international taxes, export controls, tariffs, embargoes, sanctions and other trade restrictions;
- the difficulty of management and operation of an enterprise spread over many countries;
- compliance with a variety of non-U.S. laws, as well as U.S. laws affecting the activities of U.S. companies abroad; and
- unforeseen developments and conditions, including terrorism, war, epidemics and international tensions and conflicts.

While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect our operations in the future. For example, since 2018, the U.S. and China have imposed tariffs on each other's imports. China is a very significant market for commercial airplanes and represents a significant component of our commercial airplanes backlog. Impacts from these or future potential tariffs, or deterioration in trade relations between the U.S. and one or more other countries, could have a material adverse impact on our financial position, results of operations and/or cash flows.

***We use estimates in accounting for many contracts and programs. Changes in our estimates could adversely affect our future financial results.***

Contract and program accounting require judgment relative to assessing risks, estimating revenues and costs and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts and programs, the estimation of total revenues and cost at completion is complicated and subject to many variables. Assumptions have to be made regarding the length of time to complete the contract or program because costs also include expected increases in wages and employee benefits, material prices and allocated fixed costs. Incentives or penalties related to performance on contracts are considered in estimating sales and profit rates and are recorded when there is sufficient information for us to assess anticipated performance. Supplier claims and assertions are also assessed and considered in estimating costs and profit rates. Estimates of future award fees are also included in sales and profit rates.

With respect to each of our commercial aircraft programs, inventoriable production costs (including overhead), program tooling and other non-recurring costs and routine warranty costs are accumulated and charged as cost of sales by program instead of by individual units or contracts. A program consists of the estimated number of units (accounting quantity) of a product to be produced in a continuing, long-term production effort for delivery under existing and anticipated contracts limited by the ability to make reasonably dependable estimates. To establish the relationship of sales to cost of sales, program accounting requires estimates of (a) the number of units to be produced and sold in a program, (b) the period over which the units can reasonably be expected to be produced and (c) the units' expected sales prices, production costs, program tooling and other non-recurring costs, and routine warranty costs for the total program. Several factors determine accounting quantity, including firm orders, letters of intent from prospective customers and market studies. Changes to customer or model mix,

production costs and rates, learning curve, changes to price escalation indices, costs of derivative aircraft, supplier performance, customer and supplier negotiations/settlements, supplier claims and/or certification issues can impact these estimates. In addition, on development programs such as the 777X, we are subject to risks with respect to the timing and conditions of aircraft certification, including potential gaps between when aircraft are certified in various jurisdictions, changes in certification processes and our estimates with respect to timing of future certifications, which could have an impact on overall program status. Any such change in estimates relating to program accounting may adversely affect future financial performance.

Because of the significance of the judgments and estimation processes described above, materially different sales and profit amounts could be recorded if we used different assumptions or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances or estimates may adversely affect future period financial performance. For additional information on our accounting policies for recognizing sales and profits, see our discussion under “Management’s Discussion and Analysis – Critical Accounting Policies & Estimates – Accounting for Long-term Contracts/Program Accounting” on pages 51 – 54 and Note 1 to our Consolidated Financial Statements on pages 64 – 77 of this Form 10-K.

***We may not realize the anticipated benefits of mergers, acquisitions, joint ventures/strategic alliances or divestitures.***

As part of our business strategy, we may merge with or acquire businesses and/or form joint ventures and strategic alliances. Whether we realize the anticipated benefits from these acquisitions and related activities depends, in part, upon our ability to integrate the operations of the acquired business, the performance of the underlying product and service portfolio, and the performance of the management team and other personnel of the acquired operations. Accordingly, our financial results could be adversely affected by unanticipated performance issues, legacy liabilities, transaction-related charges, amortization of expenses related to intangibles, charges for impairment of long-term assets, credit guarantees, partner performance and indemnifications. Consolidations of joint ventures could also impact our reported results of operations or financial position. While we believe that we have established appropriate and adequate procedures and processes to mitigate these risks, there is no assurance that these transactions will be successful. We also may make strategic divestitures from time to time. These transactions may result in continued financial involvement in the divested businesses, such as through guarantees or other financial arrangements, following the transaction. Nonperformance by those divested businesses could affect our future financial results through additional payment obligations, higher costs or asset write-downs.

**Risks Related to Our Contracts**

***We conduct a significant portion of our business pursuant to U.S. government contracts, which are subject to unique risks.***

In 2021, 49% of our revenues were earned pursuant to U.S. government contracts, which include FMS through the U.S. government. Business conducted pursuant to such contracts is subject to extensive procurement regulations and other unique risks.

*Our sales to the U.S. government are subject to extensive procurement regulations, and changes to those regulations could increase our costs.* New procurement regulations, or changes to existing requirements, could increase our compliance costs or otherwise have a material impact on the operating margins of our BDS and BGS businesses. These requirements may also result in withheld payments and/or reduced future business if we fail to comply. For example, proposals to raise domestic content thresholds for our U.S. government contracts could have negative impacts on our business. Compliance costs attributable to current and potential future procurement regulations such as these could negatively impact our financial position, results of operations and/or cash flows.

*The U.S. government may modify, curtail or terminate one or more of our contracts.* The U.S. government contracting party may modify, curtail or terminate its contracts and subcontracts with us, without prior notice and either at its convenience or for default based on performance. In addition, funding pursuant to our U.S. government contracts may be reduced or withheld as part of the U.S. Congressional appropriations process due to fiscal constraints, changes in U.S. national security strategy and/or priorities or other reasons. Further uncertainty with respect to ongoing programs could also result in the event that the U.S. government finances its operations through temporary funding measures such as “continuing resolutions” rather than full-year appropriations. Any loss or anticipated loss or reduction of expected funding and/or modification, curtailment or termination of one or more large programs could have a material adverse effect on our financial position, results of operations and/or cash flows.

*We are subject to U.S. government inquiries and investigations, including periodic audits of costs that we determine are reimbursable under U.S. government contracts.* U.S. government agencies, including the Defense Contract Audit Agency and the Defense Contract Management Agency, routinely audit government contractors. These agencies review our performance under contracts, cost structure and compliance with applicable laws, regulations and standards, as well as the adequacy of and our compliance with our internal control systems and policies. Any costs found to be misclassified or inaccurately allocated to a specific contract will be deemed non-reimbursable, and to the extent already reimbursed, must be refunded. Any inadequacies in our systems and policies could result in withholds on billed receivables, penalties and reduced future business. Furthermore, if any audit, inquiry or investigation uncovers improper or illegal activities, we could be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with the U.S. government. We also could suffer reputational harm if allegations of impropriety were made against us, even if such allegations are later determined to be false.

***We enter into fixed-price contracts which could subject us to losses if we have cost overruns.***

Our BDS and BGS defense businesses generated approximately 68% and 69% of their 2021 revenues from fixed-price contracts. While fixed-price contracts enable us to benefit from performance improvements, cost reductions and efficiencies, they also subject us to the risk of reduced margins or incurring losses if we are unable to achieve estimated costs and revenues. In addition, increased compliance costs and costs due to loss of productivity due to COVID-19 may not be reimbursed. If our estimated costs exceed our estimated price, we recognize reach-forward losses which can significantly affect our reported results. For example in the fourth quarter of 2021, BDS recorded additional losses of \$402 million on the KC-46A Tanker contract reflecting continued disruption in the factory and in the supply chain, including impacts of COVID-19, and an increase in costs to complete the new Remote Vision System as the customer’s requirements definition has evolved. New programs could also have risk for reach-forward loss upon contract award and during the period of contract performance. The long term nature of many of our contracts makes the process of estimating costs and revenues on fixed-price contracts inherently risky. Fixed-price contracts often contain price incentives and penalties tied to performance, which can be difficult to estimate and have significant impacts on margins. In addition, some of our contracts have specific provisions relating to cost, schedule and performance.

Fixed-price development contracts are generally subject to more uncertainty than fixed-price production contracts. Many of these development programs have highly complex designs. In addition, technical or quality issues that arise during development could lead to schedule delays and higher costs to complete, which could result in a material charge or otherwise adversely affect our financial condition. Examples of significant BDS fixed-price development contracts include Commercial Crew, KC-46A Tanker, T-7A Red Hawk, VC-25B Presidential Aircraft, MQ-25, and commercial and military satellites.

***We enter into cost-type contracts, which also carry risks.***

Our BDS and BGS defense businesses generated approximately 32% and 31% of their 2021 revenues from cost-type contracting arrangements. Some of these are development programs that have complex design and technical challenges. These cost-type programs typically have award or incentive fees that are subject to uncertainty and may be earned over extended periods. 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. Programs whose contracts are primarily cost-type include Ground-based Midcourse Defense (GMD), Proprietary and SLS programs.

***We enter into contracts that include in-orbit incentive payments that subject us to risks.***

Contracts in the commercial satellite industry and certain government satellite contracts include in-orbit incentive payments. These in-orbit payments may be paid over time after final satellite acceptance or paid in full prior to final satellite acceptance. In both cases, the in-orbit incentive payment is at risk if the satellite does not perform to specifications for up to 15 years after acceptance. The net present value of in-orbit incentive fees we ultimately expect to realize is recognized as revenue in the construction period. If the satellite fails to meet contractual performance criteria, customers will not be obligated to continue making in-orbit payments and/or we may be required to provide refunds to the customer and incur significant charges.

**Risks Related to Cybersecurity and Business Disruptions**

***Unauthorized access to our, our customers' and/or our suppliers' information and systems could negatively impact our business.***

We face certain security threats, including threats to the confidentiality, availability and integrity of our data and systems. We maintain an extensive network of technical security controls, policy enforcement mechanisms, monitoring systems and management oversight in order to address these threats. While these measures are designed to prevent, detect and respond to unauthorized activity in our systems, certain types of attacks, including cyber-attacks, could result in significant financial or information losses and/or reputational harm. In addition, we manage information and information technology systems for certain customers and/or suppliers. Many of these customers and/or suppliers face similar security threats. If we cannot prevent the unauthorized access, release and/or corruption of our customers' and/or suppliers' confidential, classified or personally identifiable information, our reputation could be damaged, and/or we could face financial losses.

***Business disruptions could seriously affect our future sales and financial condition or increase our costs and expenses.***

Our business may be impacted by disruptions including threats to physical security, information technology, or cyber-attacks or failures, damaging or extreme weather (including effects of climate change), or other acts of nature and pandemics or other public health crises. Any of these disruptions could affect our internal operations or our suppliers' operations and delay delivery of products and services to our customers. Any significant production delays, or any destruction, manipulation or improper use of Boeing's or our suppliers' data, information systems or networks could impact our sales, increase our expenses and/or have an adverse effect on the reputation of Boeing and of our products and services.

## **Risks Related to Legal and Regulatory Matters**

***The outcome of litigation and of government inquiries and investigations involving our business is unpredictable and an adverse decision in any such matter could have a material effect on our financial position and results of operations.***

We are involved in a number of litigation matters. These matters may divert financial and management resources that would otherwise be used to benefit our operations. No assurances can be given that the results of these matters will be favorable to us. An adverse resolution of any of these lawsuits, or future lawsuits, could have a material impact on our financial position and results of operations. In addition, we are subject to extensive regulation under the laws of the United States and its various states, as well as other jurisdictions in which we operate. As a result, we are sometimes subject to government inquiries and investigations of our business due, among other things, to our business relationships with the U.S. government, the heavily regulated nature of our industry, and in the case of environmental proceedings, our current or past ownership of certain property. Any such inquiry or investigation could potentially result in an adverse ruling against us, which could have a material impact on our financial position, results of operations and/or cash flows.

***Our operations expose us to the risk of material environmental liabilities.***

We are subject to various U.S. federal, state, local and non-U.S. laws and regulations related to environmental protection, including the discharge, treatment, storage, disposal and remediation of hazardous substances and wastes. We could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, as well as third-party claims for property damage or personal injury, if we were to violate or become liable under environmental laws or regulations. In some cases, we are subject to such costs due to environmental impacts attributable to our current or past manufacturing operations or the operations of companies we have acquired. In other cases, we are subject to such costs due to an indemnification agreement between us and a third party relating to such environmental liabilities. In all cases, our current liabilities and ongoing cost assessments are based on current laws and regulations. New laws and regulations, more stringent enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new remediation requirements could result in additional costs. For additional information relating to environmental contingencies, see Note 13 to our Consolidated Financial Statements.

***We may be adversely affected by global climate change or by legal, regulatory or market responses to such change.***

Increasing stakeholder environmental, social and governance (ESG) expectations, physical and transition risks associated with climate change, and emerging ESG regulation and policy requirements may pose risk to our market outlook, brand and reputation, financial outlook, cost of capital, global supply chain and production continuity, which may impact our ability to achieve long-term business objectives. Changes in environmental and climate change laws or regulations could lead to additional operational restrictions and compliance requirements upon us or our products, require new or additional investment in product designs, result in carbon offset investments or otherwise could negatively impact our business and/or competitive position. Increasing aircraft performance standards and requirements on manufacturing and product air pollutant emissions, especially greenhouse gas (GHG) emissions, may result in increased costs or reputational risks and could limit our ability to manufacture and/or market certain of our products at acceptable costs, or at all. Physical impacts of climate change, increasing global chemical restrictions and bans, and water and waste requirements may drive increased costs to us and our suppliers and impact our production continuity and data facilities.

Finally, from time to time, in alignment with our sustainability priorities, we establish and publicly announce goals and commitments to improve our environmental performance, such as our recent operational goals in areas of GHG emissions, energy, water and waste. If we fail to achieve or

improperly report on our progress toward achieving our environmental goals and commitments, the resulting negative publicity could adversely affect our reputation and/or our access to capital.

### **Risks Related to Financing and Liquidity**

***We may be unable to obtain debt to fund our operations and contractual commitments at competitive rates, on commercially reasonable terms or in sufficient amounts.***

We depend, in part, upon the issuance of debt to fund our operations and contractual commitments. In addition, our debt balances have increased significantly since 2019, driven primarily by impacts related to the 737 MAX grounding and the COVID-19 pandemic, and we expect to continue to actively manage our liquidity. Our increased debt balance has also resulted in downgrades to our credit ratings. As of December 31, 2021, our debt totaled \$58.1 billion of which approximately \$11.4 billion of principal payments on outstanding debt become due over the next three years. In addition, as of December 31, 2021, our airplane financing commitments totaled \$12.9 billion. If we require additional funding in order to pay off existing debt, address further impacts to our business related to the 737 MAX, COVID-19, 787 production issues or broader market developments, fund outstanding financing commitments or meet other business requirements, our market liquidity may not be sufficient. These risks will be particularly acute if we are subject to further credit rating downgrades. A number of factors could cause us to incur increased borrowing costs and to have greater difficulty accessing public and private markets for debt. These factors include disruptions or declines in the global capital markets and/or a decline in our financial performance, outlook or credit ratings, including impacts described above related to the COVID-19 pandemic and/or associated changes in demand for our products and services. The occurrence of any or all of these events may adversely affect our ability to fund our operations and contractual or financing commitments.

***Substantial pension and other postretirement benefit obligations have a material impact on our earnings, shareholders' equity and cash flows from operations, and could have significant adverse impacts in future periods.***

Many of our employees have earned benefits under defined benefit pension plans. Potential pension contributions include both mandatory amounts required under the Employee Retirement Income Security Act and discretionary contributions to improve the plans' funded status. The extent of future contributions depends heavily on market factors such as the discount rate and the actual return on plan assets. We estimate future contributions to these plans using assumptions with respect to these and other items. Changes to those assumptions could have a significant effect on future contributions as well as on our annual pension costs and/or result in a significant change to shareholders' equity. For U.S. government contracts, we allocate pension costs to individual contracts based on U.S. Cost Accounting Standards which can also affect contract profitability. We also provide other postretirement benefits to certain of our employees, consisting principally of health care coverage for eligible retirees and qualifying dependents. Our estimates of future costs associated with these benefits are also subject to assumptions, including estimates of the level of medical cost increases. For a discussion regarding how our financial statements can be affected by pension and other postretirement plan accounting policies, see "Management's Discussion and Analysis - Critical Accounting Policies & Estimates - Pension Plans" on pages 54 - 55 of this Form 10-K. Although under Generally Accepted Accounting Principles in the United States of America (GAAP) the timing of periodic pension and other postretirement benefit expense and plan contributions are not directly related, the key economic factors that affect GAAP expense would also likely affect the amount of cash or stock we would contribute to our plans.

***Our insurance coverage may be inadequate to cover all significant risk exposures.***

We are exposed to liabilities that are unique to the products and services we provide. We maintain insurance for certain risks and, in some circumstances, we may receive indemnification from the U.S.

government. The amount of our insurance coverage may not cover all claims or liabilities, and we may be forced to bear substantial costs. For example, liabilities arising from the use of certain of our products, such as aircraft technologies, space systems, spacecraft, satellites, missile systems, weapons, cybersecurity, border security systems, anti-terrorism technologies and/or air traffic management systems may not be insurable on commercially reasonable terms. While some of these products are shielded from liability within the U.S. under the SAFETY Act provisions of the 2002 Homeland Security Act, no such protection is available outside the U.S., potentially resulting in significant liabilities. The amount of insurance coverage we maintain may be inadequate to cover these or other claims or liabilities.

***A significant portion of our customer financing portfolio is concentrated among certain customers and in certain types of Boeing aircraft, which exposes us to concentration risks.***

A significant portion of our customer financing portfolio is concentrated among certain customers and in distinct geographic regions. Our portfolio is also concentrated by varying degrees across Boeing aircraft product types, most notably 717 and 747-8 aircraft, and among customers that we believe have less than investment-grade credit. If one or more customers holding a significant portion of our portfolio assets experiences financial difficulties or otherwise defaults on or does not renew its leases with us at their expiration, and we are unable to redeploy the aircraft on reasonable terms, or if the types of aircraft that are concentrated in our portfolio suffer greater than expected declines in value, our financial position, results of operations and/or cash flows could be materially adversely affected.

#### **Risks Related to Labor**

***Some of our and our suppliers' workforces are represented by labor unions, which may lead to work stoppages.***

Approximately 47,000 employees, which constitute 33% of our total workforce, were union represented as of December 31, 2021. We experienced a work stoppage in 2008 when a labor strike halted commercial aircraft and certain BDS program production. We may experience additional work stoppages in the future, which could adversely affect our business. We cannot predict how stable our relationships, currently with 11 U.S. labor organizations and 12 non-U.S. labor organizations, will be or whether we will be able to meet the unions' requirements without impacting our financial condition. The unions may also limit our flexibility in dealing with our workforce. Union actions at suppliers can also affect us. Work stoppages and instability in our union relationships could delay the production and/or development of our products, which could strain relationships with customers and cause a loss of revenues which would adversely affect our operations.

#### **Item 1B. Unresolved Staff Comments**

Not applicable

## Item 2. Properties

We occupied approximately 82 million square feet of floor space on December 31, 2021 for manufacturing, warehousing, engineering, administration and other productive uses, of which approximately 93% was located in the United States. The following table provides a summary of the floor space by business as of December 31, 2021:

<i>(Square feet in thousands)</i>	Owned	Leased	Government Owned <sup>(1)</sup>	Total
Commercial Airplanes	39,166	2,112		41,278
Defense, Space & Security	22,584	5,970		28,554
Global Services	641	7,261		7,902
Other <sup>(2)</sup>	1,823	2,246	318	4,387
<b>Total</b>	<b>64,214</b>	<b>17,589</b>	<b>318</b>	<b>82,121</b>

<sup>(1)</sup> Excludes rent-free space furnished by U.S. government landlord of 49 square feet.

<sup>(2)</sup> Other includes sites used for BCC, common internal services and our Corporate Headquarters.

At December 31, 2021, we occupied in excess of 76 million square feet of floor space at the following major locations:

- Commercial Airplanes – Greater Seattle, WA; Greater Charleston, SC; Greater Portland, OR; Greater Los Angeles, CA; Greater Salt Lake City, UT; Australia and Canada
- Defense, Space & Security – Greater St. Louis, MO; Greater Seattle, WA; Greater Los Angeles, CA; Philadelphia, PA; Mesa, AZ; Huntsville, AL; Oklahoma City, OK; Heath, OH; Greater Washington, DC; Great Britain; Greater Portland, OR; Australia and Houston, TX
- Global Services – San Antonio, TX; Greater Miami, FL; Dallas, TX; Germany; Jacksonville, FL; Great Britain and Greater Denver, CO
- Other – Chicago, IL; Greater Los Angeles, CA ; Greater St. Louis, MO; and Greater Washington, DC.

Most runways and taxiways that we use are located on airport properties owned by others and are used jointly with others. Our rights to use such facilities are provided for under long-term leases with municipal, county or other government authorities. In addition, the U.S. government furnishes us certain office space, installations and equipment at U.S. government bases for use in connection with various contract activities.

To support business needs, property requirements are being evaluated to align with previously announced staffing reductions, utilization studies and strategic growth investments to optimize footprint.

## Item 3. Legal Proceedings

Currently, we are involved in a number of legal proceedings. For a discussion of contingencies related to legal proceedings, see Note 21 to our Consolidated Financial Statements, which is hereby incorporated by reference.

## Item 4. Mine Safety Disclosures

Not applicable

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The principal market for our common stock is the New York Stock Exchange where it trades under the symbol BA. As of January 24, 2022, there were 95,533 shareholders of record.

**Issuer Purchases of Equity Securities**

The following table provides information about purchases we made during the quarter ended December 31, 2021 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 <sup>(1)</sup>	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 <sup>(2)</sup>
10/1/2021 thru 10/31/2021	3,077	\$223.99		
11/1/2021 thru 11/30/2021	3,940	212.15		
12/1/2021 thru 12/31/2021	80,937	206.62		
Total	87,954	\$207.48		

<sup>(1)</sup> A total of 87,954 shares were 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 a repurchase program.

<sup>(2)</sup> 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 6. [Reserved]**

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Consolidated Results of Operations and Financial Condition**

#### **Overview**

We are a global market leader in the design, development, manufacture, sale, service and support of commercial jetliners, military aircraft, satellites, missile defense, human space flight and launch systems and services. We are one of the two major manufacturers of 100+ seat airplanes for the worldwide commercial airline industry and one of the largest defense contractors in the U.S. While our principal operations are in the U.S., we conduct operations in an expanding number of countries and rely on an extensive network of non-U.S. partners, key suppliers and subcontractors.

Our strategy is centered on successful execution in healthy core businesses – Commercial Airplanes (BCA), Defense, Space & Security (BDS) and Global Services (BGS) – supplemented and supported by Boeing Capital (BCC). Taken together, these core businesses have historically generated substantial earnings and cash flow that permit us to invest in new products and services. We focus on producing the products and providing the services that the market demands, and continue to find new ways to improve efficiency and quality to provide a fair return for our shareholders. BCA is committed to being the leader in commercial aviation by offering airplanes and services that deliver superior design, safety, efficiency and value to customers around the world. BDS integrates its resources in defense, intelligence, communications, security, space and services to deliver capability-driven solutions to customers at reduced costs. Our BDS strategy is to leverage our core businesses to capture key next-generation programs while expanding our presence in adjacent and international markets, underscored by an intense focus on growth and productivity. BGS provides support for commercial and defense through innovative, comprehensive and cost-competitive product and service solutions. BCC facilitates, arranges, structures and provides selective financing solutions for our Boeing customers.

#### **Business Environment and Trends**

The global outbreak of COVID-19, 787 production issues and associated rework, and the residual impacts of the 737 MAX grounding continued to have significant adverse impacts on our business in 2021. The COVID-19 pandemic has caused an unprecedented shock to demand for air travel, creating a tremendous challenge for our customers, our business and the entire commercial aerospace manufacturing and services sector. The latest International Air Transport Association (IATA) release reported that passenger traffic in 2021 recovered to approximately 40% of 2019 levels, as international markets saw continued reopening challenges. Additionally, global economic activity is improving, but continues to be impacted by COVID-19, and governments continue to restrict travel to contain the spread of the virus. While recovery is accelerating, we continue to expect that it will remain uneven as travel restrictions and varying regional travel protocols continue to impact air travel.

Generally, we continue to expect domestic travel to recover faster than international travel. As a result, we expect the narrow-body market to recover faster than the wide-body market. Also, the pace of the commercial market recovery will be heavily dependent on COVID-19 infection rates, vaccination rates, and government travel and other restrictions on trade and commercial activity. Demand for dedicated freighters continues to be strong, underpinned by a strong recovery in global trade and overall air cargo growth. Overall cargo capacity remains challenged given the large impact that COVID-19 has had on international passenger operations, which also carry cargo.

Airline financial performance, which also plays a role in the demand for new capacity, has been adversely impacted by the COVID-19 pandemic. According to IATA, net losses for the airline industry were \$138 billion in 2020 and are expected to be approximately \$52 billion in 2021. Our customers are taking actions to combat the effects of the COVID-19 pandemic on the market by preserving liquidity. This comes in many forms, such as deferrals of advances and other payments to suppliers, deferrals of deliveries, reduced spending on services and, in some cases, cancellation of orders. While the outlook is improving and we have seen an increase in new orders in 2021, we continue to face a challenging environment in the near- to medium-term as airlines have adjusted to reduced traffic, which in turn has resulted in lower demand for commercial aerospace products and services. The current environment is also affecting the financial viability of some airlines.

We continue to expect commercial air travel to return to 2019 levels in 2023 to 2024. We expect it will take 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 reduced the production rates of several of our BCA programs. These rate decisions are based on our ongoing assessments of the demand environment and availability of aircraft financing. There is significant uncertainty with respect to when commercial air traffic levels will recover, and whether, and at what point, capacity will return to and/or exceed pre-COVID-19 levels. During the fourth quarter of 2020, we made adjustments to our estimates regarding timing of 777X entry into service and market demand. We continue to anticipate that the first 777X delivery will occur in late 2023. We will closely monitor the key factors that affect backlog and future demand for each of our commercial aircraft programs, including customers' evolving fleet plans, the wide-body replacement cycle and the cargo market. We will maintain a disciplined rate management process and make adjustments as appropriate in the future. Notwithstanding the changes we have made to production rates, risk remains that further reductions will be required. Additionally, if we are unable to make timely deliveries of the large number of aircraft in inventory as of December 31, 2021, future revenues, earnings and cash flows will be adversely impacted.

Deliveries of the 737 MAX resumed in the fourth quarter of 2020, when the Federal Aviation Administration (FAA) rescinded the order that grounded 737 MAX aircraft in the U.S. In addition, other non-U.S. civil aviation authorities, including the Brazilian National Civil Aviation Agency, Transport Canada and the European Union Aviation Safety Agency have subsequently approved return of operations, allowing us to resume deliveries in those jurisdictions. Over 185 countries have approved the resumption of 737 MAX operations. The Civil Aviation Administration of China issued an airworthiness directive in the fourth quarter of 2021 outlining actions required for airlines to return to service. We expect 737 MAX deliveries to China to resume in 2022, subject to final regulatory approvals, although risk remains around the timing and rate of those deliveries. Orders to suspend operations of 737 MAX aircraft from non-U.S. civil aviation authorities are still in effect in a small number of countries.

Deliveries and production have also been impacted by production issues and associated rework. For example, deliveries of the 787 are currently paused and the production rate has been reduced while we focus on rework of undelivered aircraft and continue to engage in detailed discussions with the FAA regarding required actions for resuming deliveries. Risk remains that these issues may continue to impact the timing of airplane deliveries in inventory and/or our ability to achieve planned production rates. Revenues, earnings and cash flows will continue to be impacted until we are able to resume timely deliveries.

The long-term outlook for the industry remains positive due to the fundamental drivers of air travel demand: economic growth, increasing propensity to travel due to increased trade, globalization and improved airline services driven by liberalization of air traffic rights between countries. The shock from COVID-19 has reduced the near- to medium-term demand, but our Commercial Market Outlook forecast projects a 4% growth rate for passenger and cargo traffic over a 20 year period. Based on long-term global economic growth projections of 2.7% average annual gross domestic product (GDP) growth, we project demand for approximately 43,610 new airplanes over the next 20 years. The industry remains vulnerable to exogenous developments including fuel price spikes, credit market shocks, acts of terrorism, natural disasters, conflicts, epidemics, pandemics and increased global environmental regulations.

A Continuing Resolution (CR), enacted on December 3, 2021, continues funding for the federal government at FY21 appropriated levels through February 18, 2022. Congress and the President must enact either full-year FY22 appropriations bills or an additional CR to fund government departments and agencies beyond February 18, 2022 or a government shutdown could result, which may impact the Company's operations.

At BGS, while the outlook is improving, we are continuing to see a direct impact on our commercial supply chain business as fewer flights and more aircraft parked 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 BCA, we expect a multi-year recovery period for the commercial services business. The demand outlook for our government services business remains stable; government services comprises approximately half of BGS revenue, which is unchanged from pre-pandemic levels.

At BDS, we continue to see a healthy market with solid demand for our major platforms and programs both domestically and internationally. However, while we continue to experience near-term production disruptions and inefficiencies due to COVID-19 impacts, we saw improvements in 2021.

In addition, 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 continue to monitor the health and stability of the supply chain as we ramp up production. These measures and disruptions have reduced overall productivity and adversely impacted our financial position, results of operations and cash flows.

We continue to transform and improve our business processes. These activities are not intended to constrain our capacity but to enable the Company to emerge stronger and be more resilient when the market recovers. We expect that successful execution of these measures will improve near-term liquidity and long-term cost competitiveness.

## Consolidated Results of Operations

The following table summarizes key indicators of consolidated results of operations:

(Dollars in millions, except per share data)

Years ended December 31,	2021	2020	2019
Revenues	\$62,286	\$58,158	\$76,559
<b>GAAP</b>			
Loss from operations	(\$2,902)	(\$12,767)	(\$1,975)
Operating margins	(4.7) %	(22.0) %	(2.6) %
Effective income tax rate	14.8 %	17.5 %	71.8 %
Net loss attributable to Boeing Shareholders	(\$4,202)	(\$11,873)	(\$636)
Diluted loss per share	(\$7.15)	(\$20.88)	(\$1.12)
<b>Non-GAAP <sup>(1)</sup></b>			
Core operating loss	(\$4,075)	(\$14,150)	(\$3,390)
Core operating margins	(6.5 %)	(24.3 %)	(4.4 %)
Core loss per share	(\$9.44)	(\$23.25)	(\$3.47)

(1) These measures exclude certain components of pension and other postretirement benefit expense. See pages 49 - 51 for important information about these non-GAAP measures and reconciliations to the most comparable GAAP measures.

## Revenues

The following table summarizes Revenues:

(Dollars in millions)

Years ended December 31,	2021	2020	2019
Commercial Airplanes	\$19,493	\$16,162	\$32,255
Defense, Space & Security	26,540	26,257	26,095
Global Services	16,328	15,543	18,468
Boeing Capital	272	261	244
Unallocated items, eliminations and other	(347)	(65)	(503)
Total	\$62,286	\$58,158	\$76,559

Revenues increased by \$4,128 million in 2021 compared with 2020 driven by higher revenues at BCA, BDS and BGS. BCA revenues increased by \$3,331 million primarily driven by higher 737 MAX deliveries due to recertification and return to service in most jurisdictions and the absence of \$498 million of 737 MAX customer considerations which reduced revenues in 2020, partially offset by lower 787 deliveries in 2021. BDS revenues increased by \$283 million primarily from higher revenue on the KC-46A Tanker program and lower charges in 2021. BGS revenues increased by \$785 million primarily due to higher commercial and government services volume.

Revenues decreased by \$18,401 million in 2020 compared with 2019 primarily due to lower revenues in our commercial airplanes and commercial services businesses. Revenues for each of our segments have been adversely impacted by COVID-19. BCA revenues decreased by \$16,093 million due to lower deliveries driven by the impacts of the COVID-19 pandemic, 787 production issues and the 737 MAX grounding, offset by lower charges related to estimated potential concessions and other considerations to 737 MAX customers. BDS revenues increased by \$162 million primarily due to higher fighter aircraft

and other volume, partially offset by the impact of higher unfavorable cumulative contract catch-up adjustments, largely due to KC-46A Tanker charges in 2020. BGS revenues decreased by \$2,925 million primarily due to lower commercial services revenue driven by the COVID-19 pandemic. The changes in Unallocated items, eliminations and other primarily reflect the timing of eliminations for intercompany aircraft deliveries, as well as reserves related to cost accounting litigation recorded in 2019.

Revenues will continue to be significantly impacted until deliveries ramp up and the commercial airline industry recovers from the impacts of COVID-19.

## Loss From Operations

The following table summarizes Loss from operations:

(Dollars in millions)

Years ended December 31,	2021	2020	2019
Commercial Airplanes	(\$6,475)	(\$13,847)	(\$6,657)
Defense, Space & Security	1,544	1,539	2,615
Global Services	2,017	450	2,697
Boeing Capital	106	63	28
Segment operating loss	(2,808)	(11,795)	(1,317)
Pension FAS/CAS service cost adjustment	882	1,024	1,071
Postretirement FAS/CAS service cost adjustment	291	359	344
Unallocated items, eliminations and other	(1,267)	(2,355)	(2,073)
Loss from operations (GAAP)	(\$2,902)	(\$12,767)	(\$1,975)
FAS/CAS service cost adjustment *	(1,173)	(1,383)	(1,415)
Core operating loss (Non-GAAP) **	(\$4,075)	(\$14,150)	(\$3,390)

\* 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 earnings is a Non-GAAP measure that excludes the FAS/CAS service cost adjustment. See pages 49 - 51.

Loss from operations decreased by \$9,865 million in 2021 compared with 2020 primarily due to lower losses at BCA and higher earnings at BGS. BCA loss from operations decreased by \$7,372 million primarily due to the absence of a \$6,493 million reach-forward loss on the 777X program recorded in 2020, lower period expenses, lower 737 MAX customer considerations and higher 737 MAX deliveries, partially offset by a \$3,460 million reach-forward loss on the 787 program in 2021. BGS earnings from operations increased by \$1,567 million in 2021 compared with 2020 primarily due to charges incurred in 2020 as a result of the COVID-19 pandemic, as well as higher commercial services volume.

Loss from operations increased by \$10,792 million in 2020 compared with 2019 primarily due to increased losses at BCA and decreased earnings at BGS and BDS. BCA loss from operations increased by \$7,190 million. The loss in 2020 primarily reflects a reach-forward loss recorded in the fourth quarter of \$6,493 million on the 777X program. BCA's loss in 2020 also reflects the absence of MAX deliveries during the first three quarters of the year, lower wide-body deliveries and lower program margins resulting from the COVID-19 pandemic and 787 production issues, abnormal production costs, 737NG frame fitting component repair costs, severance costs and 737 MAX customer considerations.

The loss in 2019 primarily reflects the absence of 737 MAX deliveries in the second, third and fourth quarters and charges of \$8,259 million for estimated 737 MAX customer considerations. BDS earnings

decreased by \$1,076 million in 2020 compared with 2019, primarily due to higher unfavorable cumulative contract catch-up adjustments, including charges of \$1,320 million on KC-46A Tanker and \$168 million on VC-25B in 2020, partially offset by \$489 million of charges on Commercial Crew in 2019. The lower earnings were also driven by lower gains on property sales compared to 2019. BGS earnings from operations decreased by \$2,247 million in 2020 compared with 2019 primarily due to lower commercial services revenue, as well as asset impairments and severance costs resulting from the COVID-19 market environment.

Lower commercial airplane deliveries and the COVID-19 pandemic will continue to have a significant adverse impact on future earnings and margins until deliveries ramp up and return to historical levels.

Core operating loss decreased by \$10,075 million in 2021 compared with 2020 primarily due to lower losses at BCA and higher earnings at BGS, as described above.

Core operating loss increased by \$10,760 million in 2020 compared with 2019 primarily due to higher losses at BCA and lower earnings at BGS and BDS.

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

*(Dollars in millions)*

Years ended December 31,	2021	2020	2019
Share-based plans	<b>(\$174)</b>	<b>(\$120)</b>	<b>(\$65)</b>
Deferred compensation	<b>(126)</b>	<b>(93)</b>	<b>(174)</b>
Amortization of previously capitalized interest	<b>(107)</b>	<b>(95)</b>	<b>(89)</b>
Research and development expense, net	<b>(184)</b>	<b>(240)</b>	<b>(401)</b>
Customer financing impairment			<b>(250)</b>
Litigation			<b>(109)</b>
Eliminations and other unallocated items	<b>(676)</b>	<b>(1,807)</b>	<b>(985)</b>
Unallocated items, eliminations and other	<b>(\$1,267)</b>	<b>(\$2,355)</b>	<b>(\$2,073)</b>

Share-based plans expense increased by \$54 million in 2021 and \$55 million in 2020. The higher expense in 2021 was primarily related to a one-time grant of restricted stock units (RSUs) to most employees in December 2020. The increase in 2020 was due to increased grants of RSUs and other share-based compensation.

Deferred compensation expense increased by \$33 million in 2021, primarily driven by changes in our stock price, and decreased by \$81 million in 2020, primarily driven by changes in broad stock market conditions and our stock price.

Research and development expense decreased by \$56 million in 2021 and \$161 million in 2020 primarily due to decreases in enterprise investments in product development.

In 2019, we recorded a \$250 million charge related to the impairment of lease incentives with one customer that experienced liquidity issues and a \$109 million charge related to ongoing litigation associated with recoverable costs on U.S. government contracts.

Eliminations and other unallocated expense decreased by \$1,131 million in 2021 and increased by \$822 million in 2020 primarily due to earnings charges of \$744 million in the fourth quarter of 2020 in anticipation of the agreement between Boeing and the U.S. Department of Justice that was finalized in January 2021 and higher income from operating investments in 2021. See Note 21.

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

<i>(Dollars in millions)</i>		Pension		
Years ended December 31,	2021	2020	2019	
Allocated to business segments	<b>(\$885)</b>	(\$1,027)	(\$1,384)	
Pension FAS/CAS service cost adjustment	<b>882</b>	1,024	1,071	
Net periodic pension benefit cost included in Loss from operations	<b>(\$3)</b>	(\$3)	(\$313)	

The pension FAS/CAS service cost adjustment recognized in Loss from operations in 2021 decreased by \$142 million compared with 2020 due to reductions in allocated pension cost year over year. The pension FAS/CAS service cost adjustment recognized in Loss from operations in 2020 was largely consistent with 2019. Net periodic benefit cost included in Loss from operations in 2021 was largely consistent with 2020. The decrease in net periodic benefit cost included in Loss from operations in 2020 was primarily due to prior year service cost that was included in earnings in 2019.

For additional discussion related to Postretirement Plans, see Note 16 to our Consolidated Financial Statements.

### Other Earnings Items

*(Dollars in millions)*

Years ended December 31,	2021	2020	2019	
Loss from operations	<b>(\$2,902)</b>	(\$12,767)	(\$1,975)	
Other income, net	<b>551</b>	447	438	
Interest and debt expense	<b>(2,682)</b>	(2,156)	(722)	
Loss before income taxes	<b>(5,033)</b>	(14,476)	(2,259)	
Income tax benefit	<b>743</b>	2,535	1,623	
Net loss from continuing operations	<b>(4,290)</b>	(11,941)	(636)	
Less: net loss attributable to noncontrolling interest	<b>(88)</b>	(68)		
Net loss attributable to Boeing Shareholders	<b>(\$4,202)</b>	(\$11,873)	(\$636)	

Non-operating pension income included in Other income, net was \$528 million in 2021, \$340 million in 2020 and \$374 million in 2019. The increased income in 2021 compared to 2020 was primarily due to lower interest cost and higher expected return on plan assets, partially offset by higher amortization of net actuarial losses and higher settlement charges. The decreased income in 2020 compared to 2019 was due to higher amortization of actuarial losses and lower asset returns, partially offset by lower interest cost.

Non-operating postretirement income included in Other income, net was \$1 million in 2021, compared with expense of \$16 million in 2020 and \$107 million in 2019. The increased income in 2021 compared to 2020 was due to lower interest cost. The decreased expense in 2020 compared to 2019 was due to lower interest cost.

Interest and debt expense increased by \$526 million in 2021 and increased by \$1,434 million in 2020 as a result of higher average debt balances.

For additional discussion related to Income Taxes, see Note 4 to our 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. Cost of sales for commercial spare parts is recorded at average cost.

The following table summarizes cost of sales:

*(Dollars in millions)*

Years ended December 31	2021	2020	Change	2020	2019	Change
Cost of sales	<b>\$59,269</b>	\$63,843	(\$4,574)	\$63,843	\$72,093	(\$8,250)
Cost of sales as a % of Revenues	<b>95.2 %</b>	109.8 %	(14.6)%	109.8 %	94.2 %	15.6 %

Cost of sales decreased by \$4,574 million in 2021 compared with 2020, primarily due to higher earnings charges at BCA, BDS and BGS in 2020, partially offset by higher costs as a result of higher revenues in 2021 and the reach-forward loss on the 787 program. Cost of sales as a percentage of Revenues decreased in 2021 compared to 2020 primarily due to higher earnings charges at BCA and BGS in 2020 and higher revenues in 2021.

Cost of sales decreased by \$8,250 million in 2020 compared with 2019, primarily due to lower revenue in 2020, partially offset by higher charges in 2020 related to the 777X program, COVID-19 impacts, KC-46A Tanker program, abnormal production costs at BCA and severance costs. Cost of sales as a percentage of Revenues increased in 2020 compared to 2019 primarily due to the reach-forward loss on the 777X program, impacts of the 737 MAX grounding and the COVID-19 pandemic, as well as severance costs.

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

*(Dollars in millions)*

Years ended December 31,	2021	2020	2019
Commercial Airplanes	<b>\$1,140</b>	\$1,385	\$1,956
Defense, Space & Security	<b>818</b>	713	741
Global Services	<b>107</b>	138	121
Other	<b>184</b>	240	401
<b>Total</b>	<b>\$2,249</b>	\$2,476	\$3,219

Research and development expense decreased by \$227 million in 2021 compared with 2020 primarily due to lower BCA and enterprise investments in product development and lower spending on the 777X program.

Research and development expense decreased by \$743 million in 2020 compared with 2019 primarily due to lower spending at BCA and at Boeing NeXt on product development.

## Backlog

Our backlog at December 31 was as follows:

(Dollars in millions)

Years ended December 31,	2021	2020
Commercial Airplanes	\$296,882	\$281,588
Defense, Space & Security	59,828	60,847
Global Services	20,496	20,632
Unallocated items, eliminations and other	293	337
<b>Total Backlog</b>	<b>\$377,499</b>	<b>\$363,404</b>
Contractual backlog	\$356,362	\$339,309
Unobligated backlog	21,137	24,095
<b>Total Backlog</b>	<b>\$377,499</b>	<b>\$363,404</b>

Contractual backlog of unfilled orders excludes purchase options, announced orders for which definitive contracts have not been executed, orders where customers have the unilateral right to terminate, and unobligated U.S. and non-U.S. government contract funding. The increase in contractual backlog during 2021 was primarily due to new orders, reclassifications from unobligated backlog related to BDS and BGS contracts, increases in price escalation and reductions in the number of existing orders that in our assessment do not meet the accounting requirements of Accounting Standards Codification (ASC) 606 for inclusion in backlog, partially offset by deliveries and cancellations. During 2021, we have had higher ASC 606 adjustments of 787 orders as a result of delivery delays related to inspections and rework. If 787 aircraft deliveries continue to be paused, we remain unable to deliver 737 MAX aircraft in China for an extended period of time, and/or entry into service of the 777X, 737 MAX 7 and/or 737 MAX 10 is further delayed, we may experience additional reductions to backlog and/or significant order cancellations. Additionally, we may continue to experience fewer new orders and increased cancellations across all of our commercial airplane programs as a result of the COVID-19 pandemic and associated impacts on demand.

Unobligated backlog includes U.S. and non-U.S. government definitive contracts for which funding has not been authorized. The decrease in unobligated backlog in 2021 was primarily due to reclassifications to contractual backlog related to BDS and BGS contracts, partially offset by contract awards.

## Additional Considerations

**Global Trade** We continually monitor the global trade environment in response to geopolitical economic developments, as well as changes in tariffs, trade agreements or sanctions that may impact the company.

The global economy continues to experience significant adverse impacts due to the COVID-19 pandemic, including a decline in overall trade in general and in aerospace in particular. There is a great deal of uncertainty regarding the duration, scale and localization of these impacts to the global economy and governments are enacting a wide range of responses to mitigate the unfolding economic impacts. We are closely monitoring the current impact and potential future economic consequences of COVID-19 to the global economy, the aerospace sector and our Company. These adverse economic impacts have resulted in fewer orders than previously anticipated for our commercial aircraft.

The current state of U.S.-China relations remains a significant watch item. China is a very significant market for commercial airplanes and represents a significant component of our commercial airplanes backlog. Since 2018, the U.S. and China imposed an escalating series of tariffs on each other's imports. Certain aircraft parts and components that Boeing procures are subject to these tariffs. The U.S. and China entered into a Phase I agreement in January 2020. However, as of December 31, 2021, implementation of this agreement is incomplete and overall diplomatic relations between the U.S. and China have deteriorated. We continue monitoring developments for potential adverse impacts to 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. Implementation of the U.S./Mexico/Canada Free Trade Agreement (USMCA) will also result in lower tariffs. In October 2021, the U.S. and European Union (EU) announced an agreement to ease steel and aluminum tariffs. We continue to monitor the potential for any extra costs that may result from the remaining global tariffs.

The current status of U.S.-Russia relations is creating an adverse climate for our business. The U.S. Government continues to impose and/or consider imposing sanctions on certain businesses and individuals in Russia. We continue to monitor and evaluate additional sanctions and export restrictions that may be imposed by the U.S. Government and any responses from Russia that could directly affect our supply chain, business partners or customers. We also continue to support the 737 MAX return to service in Russia.

The U.S. and EU have been engaged in two long-running disputes at the World Trade Organization (WTO) relating to large civil aircraft. As part of those disputes, in October 2019, the WTO authorized the U.S. to impose approximately \$7.50 billion in annual tariffs on EU products in connection with the EU's provision of eight instances of launch aid subsidies to Airbus. Following this authorization, the U.S. began to impose 15% tariffs on new Airbus airplanes imported into the U.S. as well as fuselages that Airbus manufactures in Europe and imports into the U.S. In October 2020, the WTO authorized the EU to impose approximately \$3.99 billion in annual tariffs on U.S. products in connection with a tax incentive used by Boeing in Washington state that has since been repealed. Shortly thereafter, the EU began to impose 15% tariffs on Boeing airplanes imported into the EU. On June 15, 2021, the U.S. and EU announced that they had reached a cooperative framework to address the large civil aircraft disputes. As part of the framework, among other items, both sides announced an intent to continue to suspend tariffs related to the disputes for five years. The U.S. and U.K. announced a similar agreement on June 17, 2021.

## **Segment Results of Operations and Financial Condition**

### **Commercial Airplanes**

#### **Business Environment and Trends**

**Airline Industry Environment** 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.

**Industry Competitiveness** The industry continues to adjust to the unprecedented COVID-19 shock and subsequent economic impact, government restrictions and new regulations. The commercial airplane market and the airline industry both remain extremely competitive. While the impacts and responses have varied globally, the reduction of demand and disruption in production has adversely impacted most manufacturers in the commercial airplane industry.

Continued access to global markets remains vital to our ability to fully realize our sales potential and long-term investment returns. Approximately 80% of Commercial Airplanes' total backlog, in dollar terms, is with non-U.S. airlines. We face aggressive international competitors who are intent on increasing their market share. They offer competitive products and have access to most of the same customers and suppliers. The grounding of the 737 MAX and the associated suspension of 737 MAX deliveries in multiple jurisdictions significantly reduced our market share with respect to deliveries of single aisle aircraft in 2019, 2020 and 2021 and may provide competitors with an opportunity to obtain more orders and increase market share. With government support, Airbus has historically invested heavily to create a family of products to compete with ours. After the acquisition of a majority share of Bombardier's C Series (now A220) in 2018, Airbus continues to expand in the 100-150 seat transcontinental market. Other competitors are also in different phases of developing commercial jet aircraft. Some of these competitors have historically enjoyed access to government-provided financial support, including "launch aid," which greatly reduces the cost and commercial risks associated with airplane development activities. This has enabled the development of airplanes without broad commercial viability; others to be brought to market more quickly than otherwise possible; and many offered for sale below market-based prices. Competitors continue to make improvements in efficiency, which may result in funding product development, gaining market share and improving earnings. This market environment has resulted in intense pressures on pricing and other competitive factors, and we expect these pressures to continue or intensify in the coming years.

We are focused on improving our products and services and continuing our business transformation efforts, which enhances our ability to compete and positions us for market recovery. We are also focused on taking actions to ensure that Boeing is not harmed by unfair subsidization of competitors.

## Results of Operations

(Dollars in millions)

Years ended December 31,	2021	2020	2019
Revenues	\$19,493	\$16,162	\$32,255
% of total company revenues	31 %	28 %	42 %
Loss from operations	(\$6,475)	(\$13,847)	(\$6,657)
Operating margins	(33.2)%	(85.7)%	(20.6)%
Research and development	\$1,140	\$1,385	\$1,956

## Revenues

BCA revenues increased by \$3,331 million in 2021 compared with 2020 primarily due to higher 737 MAX deliveries driven by recertification and return to service in most jurisdictions and the absence of charges for 737 MAX customer considerations which reduced revenues in 2020, partially offset by lower 787 deliveries in 2021.

BCA revenues decreased by \$16,093 million in 2020 compared with 2019 due to lower deliveries primarily driven by the impacts of the COVID-19 pandemic, 787 production issues and the 737 MAX grounding. This was partially offset by lower charges related to estimated potential concessions and other considerations to 737 MAX customers of \$498 million in 2020 compared with \$8,259 million in 2019.

We resumed deliveries of 737 MAX aircraft in December 2020 following rescission by the FAA of its grounding order. As of December 31, 2021, most non-U.S. jurisdictions have approved return to service of the 737 MAX. 787 deliveries have been paused since May 2021. Revenues will continue to be impacted until deliveries of the 737 MAX ramp up, deliveries of the 787 resume and the commercial airline industry recovers from the impacts of COVID-19.

Commercial Airplanes deliveries as of December 31 were as follows:

	737 *	747	767 *	777 †	787	Total
<b>2021</b>						
Cumulative deliveries	7,745	1,567	1,238	1,677	1,006	
Deliveries	263 <sup>(16)</sup>	7	32 <sup>(13)</sup>	24	14	340
<b>2020</b>						
Cumulative deliveries	7,482	1,560	1,206	1,653	992	
Deliveries	43 <sup>(14)</sup>	5	30 <sup>(11)</sup>	26	53	157
<b>2019</b>						
Cumulative deliveries	7,439	1,555	1,176	1,627	939	
Deliveries	127 <sup>(19)</sup>	7	43 <sup>(23)</sup>	45 <sup>(2)</sup>	158	380

\* Intercompany deliveries identified by parentheses

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

### Loss From Operations

BCA loss from operations was \$6,475 million in 2021 compared with \$13,847 million in 2020. The 2021 loss includes a reach-forward loss on the 787 program of \$3,460 million, abnormal production costs related to 737 MAX of \$1,887 million, and abnormal production costs related to the 787 program of \$468 million resulting from continued production issues, inspections and rework, partially offset by higher 737 MAX deliveries. The 2020 loss reflects the reach-forward loss on 777X of \$6,493 million and additional drivers as noted in the paragraph below.

BCA loss from operations was \$13,847 million in 2020 compared with \$6,657 million in 2019. The 2020 loss reflects the reach-forward loss on 777X of \$6,493 million, lower deliveries and lower program margins resulting from the COVID-19 pandemic, \$2,567 million of abnormal production costs related to 737 MAX, \$623 million of severance cost, \$498 million of 737 MAX customer considerations, \$336 million related to 737NG frame fitting component repair costs and \$270 million of abnormal production costs in the first half of 2020 from the temporary suspension of operations in response to COVID-19, partially offset by lower research and development spending. Lower 787 margins reflecting a reduction in the accounting quantity in the first quarter of 2020 also contributed to lower earnings. The 2019 loss primarily reflects the absence of 737 MAX deliveries in the second, third and fourth quarters of 2019 and charges of \$8,259 million for estimated 737 MAX customer considerations.

Lower commercial airplane deliveries and the COVID-19 pandemic will continue to have a significant adverse impact on future earnings and margins until deliveries ramp up and return to historical levels.

### 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 BCC orders as well as orders where customers have the unilateral right to terminate. 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 ASC 606.

BCA total backlog of \$296,882 million at December 31, 2021 increased from \$281,588 million at December 31, 2020, reflecting new orders in excess of deliveries, increases in projected price escalation and decreases in the number of existing orders that in our assessment do not meet the accounting requirements of ASC 606 for inclusion in backlog, partially offset by aircraft order cancellations. Aircraft order cancellations during the year ended December 31, 2021 totaled \$27,542 million and primarily relate to 737 MAX and 787 aircraft. The net ASC 606 adjustments decreased for the year ended December 31, 2021, which resulted in an increase to backlog of \$3,810 million primarily due to 777X aircraft, partially offset by 787 aircraft. ASC 606 adjustments include consideration of aircraft orders where a customer controlled contingency may exist, as well as an assessment of whether the customer is committed to perform or whether it is probable that the customer will pay the full amount of consideration when it is due. If 787 aircraft deliveries continue to be paused, we are unable to ramp up deliveries of 737 MAX aircraft, and/or if entry into service of the 777X, 737 MAX 7 and/or 737 MAX 10 is further delayed, we may experience additional reductions to backlog and/or significant order cancellations. Additionally, we may continue to experience fewer new orders and increased cancellations across all of our commercial airplane programs as a result of the COVID-19 pandemic and associated impacts on demand.

**Accounting Quantity** The accounting quantity is our estimate of the quantity of airplanes that will be produced for delivery under existing and anticipated contracts. The determination of the accounting quantity is limited by the ability to make reasonably dependable estimates of the revenue and cost of existing and anticipated contracts. It is a key determinant of the gross margins we recognize on sales of individual airplanes throughout a program's life. Estimation of each program's accounting quantity takes into account several factors that are indicative of the demand for that program, including firm orders, letters of intent from prospective customers and market studies. We review our program accounting quantities quarterly.

The accounting quantity for each program may include units that have been delivered, undelivered units under contract and units anticipated to be under contract in the reasonable future (anticipated orders). In developing total program estimates, all of these items within the accounting quantity must be considered.

The following table provides details of the accounting quantities and firm orders by program as of December 31. Cumulative firm orders represent the cumulative number of commercial jet aircraft deliveries plus undelivered firm orders. Firm orders include military derivative aircraft that are not included in program accounting quantities. All revenues and costs associated with military derivative aircraft production are reported in the BDS segment.

	Program						†
	737	747	767	777	777X	787	
<b>2021</b>							
Program accounting quantities	10,400	1,574	1,243	1,750	350	1,500	
Undelivered units under firm orders	3,414	6	108	58	253	411	(14)
Cumulative firm orders	11,159	1,573	1,346	1,735	253	1,417	
<b>2020</b>							
Program accounting quantities	10,000	1,574	1,207	1,700	350	1,500	
Undelivered units under firm orders	3,282	8	75	41	191	458	(22)
Cumulative firm orders	10,764	1,568	1,281	1,694	191	1,450	
<b>2019</b>							
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.

\*\* See 777 and 777X Programs for discussion of the 777X accounting quantity.

### Program Highlights

**737 Program** The accounting quantity for the 737 program increased by 400 units during 2021 due to the program's normal progress of obtaining additional orders and delivering airplanes. See further discussion of the 737 MAX in Note 13 to our Consolidated Financial Statements.

**747 Program** We are currently producing at a rate of 0.5 aircraft per month. We expect to complete production of the 747 in the second half of 2022. We believe that ending production of the 747 will not have a material impact on our financial position, results of operations or cash flows.

**767 Program** The accounting quantity for the 767 program increased by 36 units during 2021 due to the program's normal progress of obtaining additional orders and delivering airplanes. The 767 assembly line includes the commercial program and a derivative to support the tanker program. The commercial program has near break-even gross margins. We are currently producing at a rate of 3 aircraft per month.

**777 and 777X Programs** The accounting quantity for the 777 program increased by 50 units during 2021 due to the program's normal progress of obtaining additional orders and delivering airplanes. The production rate for the combined 777/777X program is expected to increase from 2 per month to 3 per month in 2022.

In 2013, we launched the 777X-8 and 777X-9, which feature new composite wings, new engines and folding wing-tips. The first flight of the 777X was completed during the first quarter of 2020. In 2021, we began offering the 777X freighter to customers and expect to receive initial orders in 2022.

During the fourth quarter of 2020, we revised the estimated first delivery date of the 777X to late 2023 and recorded a \$6.5 billion reach-forward loss on the 777X program. The revised schedule and reach-

forward loss reflected a number of factors, including an updated assessment of global certification requirements informed by continued discussions with regulators and a management decision in the fourth quarter of 2020 to make modifications to the aircraft's design, an updated assessment of COVID-19 impacts on market demand and discussions with our customers with respect to aircraft delivery timing. These factors resulted in adjustments to production rates and the program accounting quantity, increased change incorporation costs, and associated customer and supply chain impacts. The initial accounting quantity of 350 airplanes established in the fourth quarter of 2020 consists of 777X passenger airplanes and remained unchanged during 2021.

We are working towards reaching Type Inspection Authorization (TIA) which will enable us to begin FAA certification flight testing. The timing of TIA and certification will ultimately be determined by the regulators, and further determinations with respect to anticipated certification requirements could result in additional delays in entry into service and/or additional cost increases.

We continue to anticipate that the first 777X delivery will occur in late 2023. The 777X program has near break-even gross margins at December 31, 2021. The level of profitability on the 777X program will be subject to a number of factors. These factors include continued market uncertainty, the impacts of COVID-19 on our production system as well as impacts on our supply chain and customers, customer negotiations, further production rate adjustments for the 777X or other commercial aircraft programs, contraction of the accounting quantity and potential risks associated with the testing program and the timing of aircraft certification. One or more of these factors could result in additional reach-forward losses on the 777X program in future periods.

**787 Program** During 2020, we experienced significant reductions in deliveries due to the impacts of COVID-19 on our customers as well as production issues and associated rework. During 2021 we delivered 14 aircraft between March 2021 and May 2021 prior to deliveries being paused in May 2021. Deliveries remain paused.

At December 31, 2021 and 2020 we had approximately 110 and 80 aircraft in inventory. We have identified production quality issues, including in our supply chain, which have contributed to the pause in deliveries. In July 2021, we announced that we were reprioritizing production resources to support inspections and rework. We continue to conduct inspections and rework on undelivered aircraft and engage in detailed discussions with the FAA regarding required actions for resuming delivery of the 787. We are currently producing at very low rates and expect that to continue until deliveries resume, gradually returning to 5 per month over time. In the third quarter of 2021, we determined that in the current environment production rates below 5 per month represent abnormally low production rates and result in abnormal production costs, and that inspections and rework costs on inventoried aircraft are excessive and should also be accounted for as abnormal production costs that are required to be expensed as incurred. In the fourth quarter of 2021, we determined that the ongoing rework, as well as our ongoing discussions with the FAA in anticipation of resumption of deliveries, will result in lower production rates longer than previously expected. As a result of these impacts, we expect to incur approximately \$2 billion of abnormal production costs on a cumulative basis with most being incurred by the end of 2023. We continue to work with customers and suppliers regarding timing of future deliveries and production rate changes. We are also continuing to implement changes in the production process designed to ensure that newly-built airplanes meet our specifications and do not require further inspections and rework. During the first quarter of 2021, we consolidated 787 production in South Carolina, in line with our previous assumptions, which did not have a significant financial impact on the program.

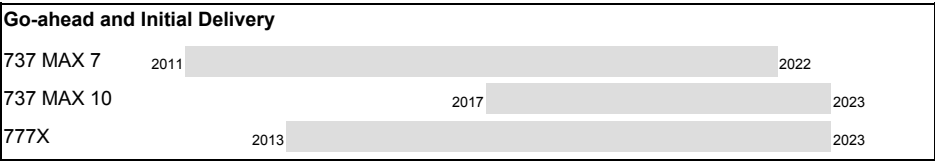
During the fourth quarter of 2021, we recorded a loss of \$3.5 billion on the program primarily due to the additional rework, as well as other actions required to resume 787 deliveries, taking longer than

expected. These impacts have resulted in longer than expected delivery delays and associated customer considerations.

The timing of the resumption of deliveries and future production rates will depend upon rework, ongoing customer and supplier engagement, production stability and our activities with the FAA. China is a significant market for the 787 program, and if the program is unable to obtain additional orders from China in future quarters, we may be required to further adjust production rate assumptions. If we are required to further reduce the accounting quantity and/or production rates, experience further delivery delays or experience other factors that result in lower margins, the program could record additional losses and higher abnormal production costs in future periods.

**Fleet Support** We provide the operators of our commercial airplanes with assistance and services to facilitate efficient and safe airplane operation. Collectively known as fleet support services, these activities and services begin prior to airplane delivery and continue throughout the operational life of the airplane. They include flight and maintenance training, field service support, engineering services, information services and systems and technical data and documents. The costs for fleet support are expensed as incurred and have historically been approximately 1% of total consolidated costs of products and services.

**Program Development** The following chart summarizes the time horizon between go-ahead and planned initial delivery for major Commercial Airplanes derivatives and programs.



Reflects models in development during 2021

The development schedules shown above are subject to a number of uncertainties, including changes in certification requirements. The timing of certifications will ultimately be determined by the regulators.

**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, such as the 787 production issues and associated rework. In addition, the introduction of new aircraft and derivatives, such as the 777X and 737 MAX derivatives, involves increased risks associated with meeting development, production and certification schedules. These challenges include increased global regulatory scrutiny of all development aircraft in the wake of the 737 MAX accidents. 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, the addition of regulatory requirements in connection with certification in one or more jurisdictions, 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

In May 2021, the U.S. government released the President's budget request for fiscal year 2022 (FY22), which included \$715 billion in funding for the United States Department of Defense (U.S. DoD), \$25 billion in funding for the National Aeronautics and Space Administration (NASA) and \$19 billion for the FAA. While the President's budget request for FY22 includes funding for a majority of Boeing's programs, it did not include funding for F/A-18 Super Hornet, P-8 Poseidon and CH-47F Block II production aircraft. While there is continued congressional support for F/A-18 and CH-47F Block II production aircraft for FY22, there is ongoing uncertainty with respect to these and other program-level appropriations for FY22 and future fiscal years. These programs also continue to pursue non-U.S. sales opportunities.

In December 2021, Congress passed and the President signed the National Defense Authorization Act for FY22, which authorizes a U.S. DoD budget \$25 billion higher than the budget request. A CR, enacted on December 3, 2021, continues funding for the federal government at FY21 appropriated levels through February 18, 2022. Congress and the President must enact either full-year FY22 appropriations bills or an additional CR to fund government departments and agencies beyond February 18, 2022 or a government shutdown could result, which may impact the Company's operations. Alternatively, Congress may continue to fund the federal government through one or more additional CRs, however, this would continue to restrict the execution of certain program activities and delay new programs or competitions.

Accordingly, there continues to be uncertainty with respect to program-level appropriations for the U.S. DoD and other government agencies, including NASA, for FY22 and beyond. 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.

**Non-U.S. Defense Environment Overview** The non-U.S. market continues to be driven by complex and evolving security challenges and the need to modernize aging equipment and inventories. BDS expects that it will continue to have a wide range of opportunities across Asia, Europe and the Middle East given the diverse regional threats. At the end of 2021, 33% of BDS backlog was attributable to non-U.S. customers.

### Results of Operations

(Dollars in millions)

Years ended December 31,	2021	2020	2019
Revenues	\$26,540	\$26,257	\$26,095
% of total company revenues	43 %	45 %	34 %
Earnings from operations	\$1,544	\$1,539	\$2,615
Operating margins	5.8 %	5.9 %	10.0 %

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:

Years ended December 31,	2021	2020	2019
F/A-18 Models	21	20	23
F-15 Models	16	4	11
C-17 Globemaster III			1
CH-47 Chinook (New)	15	27	13
CH-47 Chinook (Renewed)	5	3	22
AH-64 Apache (New)	27	19	37
AH-64 Apache (Remanufactured)	56	52	74
KC-46 Tanker	13	14	28
P-8 Models	16	15	18
C-40A			2
<b>Total</b>	<b>169</b>	<b>154</b>	<b>229</b>

## Revenues

BDS revenues in 2021 increased by \$283 million compared with 2020 primarily due to higher revenue on the KC-46A Tanker program due to new orders for 27 aircraft received during the first quarter of 2021 and lower charges in 2021. This was partially offset by lower revenues on rotorcraft programs, Commercial Crew and VC-25B. Cumulative contract catch-up adjustments in 2021 were \$56 million less unfavorable than the prior year, largely due to the lower charges described below.

BDS revenues in 2020 increased by \$162 million compared with 2019 reflecting higher revenues from fighter aircraft, Space Launch System, B-52 upgrades, proprietary and MQ-25, partially offset by reduced volume in missile defense. These net increases were offset by the unfavorable impact of cumulative contract catch-up adjustments, which were \$312 million higher than the comparable period in the prior year, largely due to the KC-46A Tanker charges during 2020.

## Earnings From Operations

BDS earnings from operations in 2021 increased by \$5 million compared with 2020 primarily due to less unfavorable impacts from cumulative contract catch-up adjustments, which improved \$219 million from the prior year, largely due to lower KC-46A Tanker charges in 2021 compared to 2020 and other charges in development programs described below. The favorable change in cumulative contract catch-up adjustments was offset primarily by lower volume and mix on rotorcraft programs and lower equity earnings for United Launch Alliance (ULA).

During the fourth quarter of 2021, BDS increased the reach-forward loss on the KC-46A Tanker program by \$402 million primarily due to continued disruption in the factory and in the supply chain, including impacts of COVID-19, and an increase in costs to complete the new Remote Vision System as the customer's requirements definition has evolved. In 2020, we recorded an additional reach-forward loss of \$1,320 million on the KC-46A Tanker program reflecting \$551 million of costs associated

with the agreement signed in April 2020 with the U.S. Air Force to develop and integrate the new Remote Vision System, and costs for production inefficiencies including impacts of COVID-19 disruption.

During the third quarter of 2021, we increased the reach-forward loss on Commercial Crew by \$185 million driven by the delay in the second uncrewed Orbital Flight Test now anticipated in 2022 and the latest assessment of remaining work.

During the first quarter of 2021, we increased the reach-forward loss on VC-25B by \$318 million, which was largely due to COVID-19 impacts and performance issues at a key supplier. The \$168 million reach-forward loss in the first quarter of 2020 on VC-25B was associated with engineering inefficiencies from the COVID-19 environment.

BDS earnings from operations in 2020 decreased by \$1,076 million compared with 2019 primarily due to the unfavorable impact of cumulative contract catch-up adjustments, which were \$828 million higher than the prior year, largely due to higher charges in 2020 of \$1,320 million on KC-46A Tanker and \$168 million on VC-25B, offset by \$489 million in charges on Commercial Crew in 2019. The lower earnings in 2020 also reflect lower gains on property sales compared to the same period in 2019. These current period decreases were partially offset by the volume increases described above.

BDS earnings from operations includes our share of income or loss from equity method investments of \$53 million, \$141 million and \$128 million primarily from our ULA and non-U.S. joint ventures in 2021, 2020 and 2019, respectively.

### **Backlog**

Total backlog of \$59,828 million at December 31, 2021 was \$1,019 million lower than December 31, 2020 due to the timing of awards and revenue recognized.

### **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-price proposals for new programs. Examples of significant fixed-price development programs include Commercial Crew, KC-46A Tanker, MQ-25, T-7A Red Hawk, VC-25B, and commercial and military satellites. A number of our ongoing fixed-price development programs have reach-forward losses. 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. Risk remains that we may be required to record additional reach-forward losses in future periods.

## Global Services

### Business Environment and Trends

The aerospace markets we serve include parts distribution, logistics and other inventory services; maintenance, engineering and upgrades; training and professional services; and information services. Prior to COVID-19, we had expected the market to grow by around 3.5% annually, however, the pandemic is having a direct impact on our commercial services business. 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.

Over the long-term, as the size of the worldwide commercial airline fleet continues to grow, so does demand for aftermarket services designed to increase efficiency and extend the economic lives of airplanes. Airlines are using data analytics to plan flight operations and predictive maintenance to improve their productivity and efficiency. Airlines continue to look for opportunities to reduce the size and cost of their spare parts inventory, frequently outsourcing spares management to third parties.

The demand outlook for our government services business has remained stable in 2021. Government services market segments are growing on pace with related fleets, but vary based on the utilization and age of the aircraft. The U.S. government services market is the single largest individual market, comprising over 50 percent of the government services markets served. Over the next decade, we expect U.S. growth to remain flat and non-U.S. fleets, led by Middle East and Asia Pacific customers, to add rotorcraft and commercial derivative aircraft at the fastest rates. We expect less than 20 percent of the worldwide fleet of military aircraft to be retired and replaced over the next ten years, driving increased demand for services to maintain aging aircraft and enhance aircraft capability.

BGS' major customer, the U.S. government, remains subject to the spending limits and uncertainty described on page 39, which could restrict the execution of certain program activities and delay new programs or competitions.

**Industry Competitiveness** Aviation services is a competitive market with many domestic and international competitors. This market environment has resulted in intense pressures on pricing, and we expect these pressures to continue or intensify in the coming years. Continued access to global markets remains vital to our ability to fully realize our sales growth potential and long-term investment returns.

### Results of Operations

*(Dollars in millions)*

Years ended December 31,	2021	2020	2019
Revenues	<b>\$16,328</b>	\$15,543	\$18,468
% of total company revenues	<b>26 %</b>	27 %	24 %
Earnings from operations	<b>\$2,017</b>	\$450	\$2,697
Operating margins	<b>12.4 %</b>	2.9 %	14.6 %

### Revenues

BGS revenues in 2021 increased by \$785 million compared with 2020 due to higher commercial and government services volume. While commercial services volume is recovering, it remains below pre-pandemic levels. The net favorable impact of cumulative contract catch-up adjustments in 2021 was \$37 million lower than the comparable period in the prior year. We expect the impacts of the COVID-19 pandemic to continue to have an adverse impact on BGS commercial revenues in future quarters until the commercial airline industry environment fully recovers.

BGS revenues in 2020 decreased by \$2,925 million compared with 2019 due to lower commercial services revenue driven by impacts of the COVID-19 pandemic. The favorable impact of cumulative contract catch-up adjustments in 2020 was \$101 million lower than the comparable period in the prior year.

### **Earnings From Operations**

BGS earnings from operations in 2021 increased by \$1,567 million compared with 2020, primarily due to charges incurred in 2020 driven by impacts of the COVID-19 pandemic as well as higher commercial services volume in 2021, partially offset by an inventory write-down of \$220 million recognized in the fourth quarter of 2021 driven by revised cost estimates on certain customer contracts. Charges in 2020 included \$531 million of inventory write-downs, \$178 million of related impairments of distribution rights primarily driven by airlines' decisions to retire certain aircraft, \$398 million for higher expected credit losses primarily driven by customer liquidity issues, \$115 million of contract termination and facility impairment charges, and \$72 million of severance costs. The net favorable impact of cumulative contract catch-up adjustments in 2021 was \$98 million lower than the prior year.

BGS earnings from operations in 2020 decreased by \$2,247 million compared with 2019, primarily due to lower commercial services revenue as well as the 2020 earnings charges described in the previous paragraph. The favorable impact of cumulative contract catch-up adjustments in 2020 was consistent with the prior year.

### **Backlog**

BGS total backlog of \$20,496 million at December 31, 2021 decreased by 1% from \$20,632 million at December 31, 2020, primarily due to revenue recognized on contracts awarded in prior years.

### **Boeing Capital**

#### **Business Environment and Trends**

BCC's gross customer financing and investment portfolio at December 31, 2021 totaled \$1,734 million. A substantial portion of BCC's portfolio is composed of customers that have less than investment-grade credit. BCC's portfolio is also concentrated by varying degrees across Boeing aircraft product types, most notably 717 and 747-8 aircraft.

BCC provided customer financing of \$14 million during 2020 and none during 2021. While we may be required to fund a number of new aircraft deliveries in 2021 and/or provide refinancing for existing bridge debt, we expect alternative financing will be available at reasonable prices from broad and globally diverse sources.

Aircraft values and lease rates are impacted by the number and type of aircraft that are currently out of service. Approximately 5,300 western-built commercial jet aircraft (20.5% of current world fleet) were parked at the end of 2021, including both in-production and out-of-production aircraft types. Of these parked aircraft, a larger portion are expected to be retired compared to the pre-COVID-19 period, which directly impacts the Company in terms of number of new aircraft deliveries and financing opportunities, the ability of existing customers to meet current payment obligations and the value of aircraft in its portfolio. We continue to work closely with our customers to mitigate the risk. At the end of 2020 and 2019, 29.4% and 8.5% of the western-built commercial jet aircraft were parked. Aircraft valuations could decline if significant numbers of additional aircraft, particularly types with relatively few operators, are placed out of service. 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.

## Results of Operations

(Dollars in millions)

Years ended December 31,	2021	2020	2019
Revenues	\$272	\$261	\$244
Earnings from operations	\$106	\$63	\$28
Operating margins	39 %	24 %	11 %

### 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 in 2021 increased by \$11 million compared with 2020, and revenues in 2020 increased by \$17 million compared with 2019 primarily due to gains on re-lease of assets, partially offset by portfolio run-off.

### 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 in 2021 increased by \$43 million compared with 2020 primarily due to higher revenues, lower provision for losses, and lower interest and asset impairment expenses. Earnings from operations in 2020 increased by \$35 million compared with 2019 primarily due to higher revenues, lower asset impairment expenses and lower interest expenses.

## Financial Position

The following table presents selected financial data for BCC as of December 31:

(Dollars in millions)	2021	2020
Customer financing and investment portfolio, net	\$1,720	\$1,961
Other assets, primarily cash and short-term investments	462	402
Total assets	\$2,182	\$2,363
Other liabilities, primarily income taxes	\$347	\$392
Debt, including intercompany loans	1,525	1,640
Equity	310	331
Total liabilities and equity	\$2,182	\$2,363
Debt-to-equity ratio	4.9-to-1	5-to-1

BCC's customer financing and investment portfolio at December 31, 2021 decreased from December 31, 2020, primarily due to \$241 million of note payoffs and portfolio run-off.

BCC enters into certain transactions with other Boeing segments, 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.

## Liquidity and Capital Resources

### Cash Flow Summary

(Dollars in millions)

Years ended December 31,	2021	2020	2019
Net loss	<b>(\$4,290)</b>	(\$11,941)	(\$636)
Non-cash items	<b>7,851</b>	10,866	2,819
Changes in assets and liabilities	<b>(6,977)</b>	(17,335)	(4,629)
Net cash used by operating activities	<b>(3,416)</b>	(18,410)	(2,446)
Net cash provided/(used) by investing activities	<b>9,324</b>	(18,366)	(1,530)
Net cash (used)/provided by financing activities	<b>(5,600)</b>	34,955	5,739
Effect of exchange rate changes on cash and cash equivalents	<b>(39)</b>	85	(5)
Net increase/(decrease) in cash & cash equivalents, including restricted	<b>269</b>	(1,736)	1,758
Cash & cash equivalents, including restricted, at beginning of year	<b>7,835</b>	9,571	7,813
Cash & cash equivalents, including restricted, at end of year	<b>\$8,104</b>	\$7,835	\$9,571

**Operating Activities** Net cash used by operating activities was \$3.4 billion during 2021, compared with \$18.4 billion during 2020 and \$2.4 billion during 2019. The reduction in cash used by operating activities in 2021 compared with 2020 is primarily driven by lower net loss and improved changes in assets and liabilities. Non-cash items in 2021 include the \$3.5 billion reach-forward loss on the 787 program which was recorded as a reduction to inventory, as well as \$1.2 billion of treasury shares issued to fund Company contributions to the 401(k) plan and \$0.8 billion of share-based plans expense reflecting a one-time stock grant to most employees in lieu of 2021 salary increases. The changes in assets and liabilities reflect the significant increase in commercial airplane inventory in 2020 driven by lower deliveries due to the COVID-19 pandemic and the 737 MAX grounding. In 2021, inventory growth slowed as the continued buildup of 787 aircraft caused by production issues and 777X inventory growth was partially offset by a decrease in 737 MAX inventory following the resumption of deliveries. Compensation payments to 737 MAX customers totaled \$2.5 billion and \$2.2 billion in 2021 and 2020. In the first quarter of 2021, we paid \$0.7 billion consistent with the terms of the Deferred Prosecution Agreement between Boeing and the U.S. Department of Justice. Additionally, in 2021, we received income tax refunds of \$1.7 billion. Cash provided by Advances and progress billings was \$2.5 billion in 2021, as compared with Cash used by Advances and progress billings of \$1.1 billion in 2020. The pause in 787 deliveries and the residual impacts of the 737 MAX grounding are expected to continue to have a significant impact on our operating cash flows until 787 deliveries resume and 737 MAX deliveries ramp up.

The decrease in operating cash flows in 2020 compared to 2019 is primarily driven by our net loss in 2020 and changes in assets and liabilities, partially offset by an increase in non-cash items. Non-cash items include the \$6.5 billion reach-forward loss on the 777X program in 2020, which was recorded as a reduction to inventory. The year-over-year increase in non-cash items also reflects higher inventory write-downs and higher allowances for expected credit losses in 2020. The changes in assets and liabilities reflect increases in commercial airplane inventory due to the large number of undelivered aircraft in 2019 resulting from the 737 MAX grounding, and in 2020 due to the 737 MAX grounding, 787 production issues and COVID-19 impacts. Cash used by Advances and progress billings was \$1.1 billion in 2020, as compared with \$0.7 billion provided by Advances and progress billings in 2019. The changes in assets and liabilities in 2020 also reflect lower accounts payable due to reductions in commercial purchases from suppliers and lower supply chain financing. Compensation payments to 737 MAX customers totaled \$2.2 billion during 2020 and \$1.2 billion during 2019. The accrued liability

for 737 MAX customer considerations at December 31, 2019 resulted in a \$7.4 billion favorable change to assets and liabilities in 2019.

Payables to suppliers who elected to participate in supply chain financing programs declined by \$1.5 billion and \$1.9 billion for the years ended December 31, 2021 and 2020, and increased by \$2.6 billion in 2019. Supply chain financing is not material to our overall liquidity. The declines for the years ended December 31, 2021 and 2020 were primarily due to reductions in commercial purchases from suppliers. The increase for the year ended December 31, 2019 reflects a combination of higher purchases, an extension of payment terms with certain suppliers and increased utilization of our supply chain financing programs.

**Investing Activities** Cash provided by investing activities during 2021 was \$9.3 billion, compared with cash used by investing activities of \$18.4 billion and \$1.5 billion during 2020 and 2019. The increase in cash inflows in 2021 compared to 2020 is primarily due to \$27.1 billion of higher net proceeds from investments. The increase in cash outflows in 2020 compared to 2019 is primarily due to \$17.4 billion of higher net contributions to investments. Net proceeds from investments were \$9.8 billion in 2021, compared with net contributions to investments of \$17.3 billion in 2020 and net proceeds from investments of \$0.1 billion in 2019. Capital expenditures totaled \$1.0 billion in 2021, compared with \$1.3 billion in 2020 and \$1.8 billion in 2019. We reduced our capital expenditures in 2021 and 2020 as we managed our liquidity throughout the pandemic and 737 MAX grounding. We expect capital expenditures in 2022 to be higher than in 2021.

**Financing Activities** Cash used by financing activities was \$5.6 billion during 2021, compared with cash provided by financing activities of \$35.0 billion during 2020 and \$5.7 billion in 2019. The decrease of \$40.6 billion compared with 2020 primarily reflects net debt repayments in 2021 compared with net borrowings in 2020. The increase of \$29.3 billion in 2020 compared with 2019 primarily reflects higher net borrowings, lower share repurchases and lower dividend payments, which reflects the Company's decision in March 2020 to suspend the declaration or payment of dividends until further notice. During the twelve months ended December 31, 2021, debt repayments net of new borrowings were \$5.6 billion, primarily due to \$13.8 billion of repayments of our two-year delayed draw term loan credit agreement, partially offset by \$9.8 billion of fixed rate senior notes issued in the first quarter of 2021. During the twelve months ended December 31, 2020, new borrowings net of repayments were \$36.3 billion, primarily due to \$29.9 billion of fixed rate senior notes issued in 2020 and \$13.8 billion of new borrowings under a two-year delayed draw term loan agreement entered into in the first quarter of 2020. During the twelve months ended December 31, 2019, new borrowings net of repayments were \$13.2 billion, primarily due to the issuance of \$10.5 billion of fixed rate senior notes in 2019. For further discussion see Liquidity Matters in Note 1 to our Consolidated Financial Statements.

At December 31, 2021 and 2020 debt balances totaled \$58.1 billion and \$63.6 billion, of which \$1.3 billion and \$1.7 billion were classified as short-term. This included \$1.5 billion and \$1.6 billion of debt attributable to BCC at December 31, 2021 and 2020, of which \$0.3 billion and \$0.9 billion were classified as short-term.

During the years ended December 31, 2021 and 2020, we did not repurchase any shares through our open market share repurchase program compared to repurchases of 6.9 million shares in 2019 totaling \$2.7 billion. Share repurchases under this plan have 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. We had 0.3 million, 0.6 million and 0.6 million shares transferred to us from employee tax withholdings in 2021, 2020 and 2019, respectively. During the year ended December 31, 2021, we paid no dividends, compared with \$1.2 billion and \$4.6 billion in 2020 and 2019. In March 2020, the Company announced that our dividend will be suspended until further notice.

**Capital Resources** The impacts of the COVID-19 pandemic, 787 production issues and associated rework, and residual impacts of the 737 MAX grounding are having a significant negative impact on our liquidity and ongoing operations and creating significant uncertainty. We have and are continuing to take significant actions to manage and preserve our liquidity. For further discussion see Liquidity Matters in Note 1 to our Consolidated Financial Statements.

The following table summarizes certain cash requirements for known contractual and other obligations as of December 31, 2021, and the estimated timing thereof. See Note 12 for future operating lease payments.

<i>(Dollars in millions)</i>	Current	Long-term	Total
Long-term debt (including current portion)	\$1,300	\$57,389	\$58,689
Interest on debt	2,365	33,658	36,023
Pension and other postretirement	594	4,100	4,694
Purchase obligations	53,041	53,702	106,743
737 MAX customer concessions and consideration <sup>(1)</sup>	800	200	1,000

<sup>(1)</sup> For further discussion, see Note 13 to our Consolidated Financial Statements.

We expect to be able to fund our cash requirements through cash and short-term investments and cash provided by operations, as well as continued access to capital markets. At December 31, 2021, we had \$8.1 billion of cash, \$8.2 billion of short-term investments, and \$14.7 billion of unused borrowing capacity on revolving credit line agreements. We anticipate that these revolving credit lines will remain undrawn and primarily serve as backup liquidity to support our general corporate borrowing needs. Of the \$14.7 billion of unused borrowing capacity, \$6.3 billion expires in October 2022, \$5.3 billion expires in March 2023 and \$3.2 billion expires in October 2024.

Our debt balances have increased significantly since 2019, and we are continuing to actively manage our liquidity. In 2021, we repaid \$13.8 billion that was outstanding under our two-year delayed draw term loan credit agreement that had a final maturity date of February 6, 2022.

Our increased debt balance resulted in downgrades to our credit ratings in 2020, and our ratings remained unchanged in 2021. We expect to be able to access capital markets when we require additional funding in order to pay off existing debt, address further impacts to our business related to market developments, fund outstanding financing commitments or meet other business requirements. A number of factors could cause us to incur increased borrowing costs and to have greater difficulty accessing public and private markets for debt. These factors include disruptions or declines in the global capital markets and/or a decline in our financial performance, outlook or credit ratings, including impacts described above related to the COVID-19 pandemic and/or associated changes in demand for our products and services. These risks will be particularly acute if we are subject to further credit rating downgrades. The occurrence of any or all of these events may adversely affect our ability to fund our operations and financing or contractual commitments.

Any future borrowings may affect our credit ratings and are subject to various debt covenants. At December 31, 2021, 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 in the credit agreements). When considering debt covenants, we continue to have substantial borrowing capacity.

**Pension and Other Postretirement Benefits** Pension cash requirements are based on an estimate of our minimum funding requirements, pursuant to Employee Retirement Income Security Act (ERISA) regulations, although we may make additional discretionary contributions. Estimates of other postretirement benefits are based on both our estimated future benefit payments and the estimated contributions to plans that are funded through trusts.

At December 31, 2021 and 2020, our pension plans were \$7.8 billion and \$13.7 billion underfunded as measured under Generally Accepted Accounting Principles in the United States of America (GAAP). On an ERISA basis our plans are more than 100% funded at December 31, 2021. We do not expect to make significant contributions to our pension plans in 2022. We may be required to make higher contributions to our pension plans in future years.

In the fourth quarter of 2020, we contributed \$3 billion of our common stock to our pension fund. In the fourth quarter of 2020, we also began using our common stock in lieu of cash to fund Company contributions to our 401(k) plans for the foreseeable future. Under this approach, common stock is contributed to our 401(k) plans following each pay period. We expect this measure to further enable the Company to conserve cash. We have retained an independent fiduciary to manage and liquidate stock contributed to these plans at its discretion.

**Purchase Obligations** Purchase obligations represent contractual agreements to purchase goods or services that are legally binding; specify a fixed, minimum or range of quantities; specify a fixed, minimum, variable or indexed price provision; and specify approximate timing of the transaction. Purchase obligations include amounts recorded as well as amounts that are not recorded on the Consolidated Statements of Financial Position.

Purchase obligations not recorded on the Consolidated Statements of Financial Position include agreements for inventory procurement, tooling costs, electricity and natural gas contracts, property, plant and equipment, customer financing equipment and other miscellaneous production related obligations. The most significant obligation relates to inventory procurement contracts. We have entered into certain significant inventory procurement contracts that specify determinable prices and quantities, and long-term delivery timeframes. In addition, we purchase raw materials on behalf of our suppliers. These agreements require suppliers and vendors to be prepared to build and deliver items in sufficient time to meet our production schedules. The need for such arrangements with suppliers and vendors arises from the extended production planning horizon for many of our products. A significant portion of these inventory commitments is supported by firm contracts with customers and/or has historically resulted in settlement through reimbursement from customers for penalty payments to the supplier should the customer not take delivery. These amounts are also included in our forecasts of costs for program and contract accounting. Some inventory procurement contracts may include escalation adjustments. In these limited cases, we have included our best estimate of the effect of the escalation adjustment in the amounts disclosed in the table above.

Purchase obligations recorded on the Consolidated Statements of Financial Position primarily include accounts payable and certain other current and long-term liabilities including accrued compensation.

We have entered into various industrial participation agreements with certain customers outside of the U.S. to facilitate economic flow back and/or technology or skills transfer to their businesses or government agencies as the result of their procurement of goods and/or services from us. These commitments may be satisfied by our local operations there, placement of direct work or vendor orders for supplies, opportunities to bid on supply contracts, transfer of technology or other forms of assistance. However, in certain cases, our commitments may be satisfied through other parties (such as our vendors) who purchase supplies from our non-U.S. customers. In certain cases, penalties could be imposed if we do not meet our industrial participation commitments. During 2021, we incurred no such penalties. As of December 31, 2021, we have outstanding industrial participation agreements

totaling \$25.5 billion that extend through 2034. Purchase order commitments associated with industrial participation agreements are included in purchase obligations in the table above. To be eligible for such a purchase order commitment from us, a non-U.S. supplier must have sufficient capability to meet our requirements and must be competitive in cost, quality and schedule.

**Off-Balance Sheet Arrangements** We are a party to certain off-balance sheet arrangements including certain guarantees. For discussion of these arrangements, see Note 14 to our Consolidated Financial Statements.

## Commercial Commitments

The following table summarizes our commercial commitments outstanding as of December 31, 2021.

<i>(Dollars in millions)</i>	Total Amounts Committed/Maximum Amount of Loss	Less than 1 year	1-3 years	4-5 years	After 5 years
Standby letters of credit and surety bonds	\$3,634	\$1,969	\$1,451	\$60	\$154
Commercial aircraft financing commitments	12,905	2,034	6,094	2,904	1,873
<b>Total commercial commitments</b>	<b>\$16,539</b>	<b>\$4,003</b>	<b>\$7,545</b>	<b>\$2,964</b>	<b>\$2,027</b>

Commercial aircraft financing commitments include commitments to provide financing related to aircraft on order, under option for deliveries or proposed as part of sales campaigns or refinancing with respect to delivered aircraft, based on estimated earliest potential funding dates. Customer financing commitments totaled \$12.9 billion and \$11.5 billion at December 31, 2021 and 2020. The increase relates to new financing commitments. 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. See Note 13 to our 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 21 to our Consolidated Financial Statements.

**Environmental Remediation** We are involved with various environmental remediation activities and have recorded a liability of \$605 million at December 31, 2021. For additional information, see Note 13 to our Consolidated Financial Statements.

## Non-GAAP Measures

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

Our Consolidated Financial Statements are prepared in accordance with 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 Financial Accounting Standards (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 from operations were benefits of \$882 million in 2021, \$1,024 million in 2020 and \$1,071 million in 2019. The lower benefits in 2021 were primarily due to reductions in allocated pension cost year over year. The non-operating pension expense included in Other income, net was a benefit of \$528 million in 2021, \$340 million in 2020 and \$374 million in 2019. The higher benefits in 2021 were primarily due to lower interest cost and higher expected return on plan assets, partially offset by higher amortization of actuarial losses and higher settlement charges. The benefits in 2020 and 2019 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 29 of this Form 10-K and see Note 22 to our Consolidated Financial Statements. 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 cost 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.

(Dollars in millions, except per share data)

Years ended December 31,	2021	2020	2019
Revenues	<b>\$62,286</b>	\$58,158	\$76,559
Loss from operations, as reported	<b>(\$2,902)</b>	(\$12,767)	(\$1,975)
Operating margins	<b>(4.7)%</b>	(22.0)%	(2.6)%
Pension FAS/CAS service cost adjustment <sup>(1)</sup>	<b>(\$882)</b>	(\$1,024)	(\$1,071)
Postretirement FAS/CAS service cost adjustment <sup>(1)</sup>	<b>(291)</b>	(359)	(344)
FAS/CAS service cost adjustment <sup>(1)</sup>	<b>(\$1,173)</b>	(\$1,383)	(\$1,415)
Core operating loss (non-GAAP)	<b>(\$4,075)</b>	(\$14,150)	(\$3,390)
Core operating margins (non-GAAP)	<b>(6.5)%</b>	(24.3)%	(4.4)%
Diluted loss per share, as reported	<b>(\$7.15)</b>	(\$20.88)	(\$1.12)
Pension FAS/CAS service cost adjustment <sup>(1)</sup>	<b>(1.50)</b>	(1.80)	(1.89)
Postretirement FAS/CAS service cost adjustment <sup>(1)</sup>	<b>(0.49)</b>	(0.63)	(0.61)
Non-operating pension expense <sup>(2)</sup>	<b>(0.91)</b>	(0.60)	(0.66)
Non-operating postretirement expense <sup>(2)</sup>		0.03	0.19
Provision for deferred income taxes on adjustments <sup>(3)</sup>	<b>0.61</b>	0.63	0.62
Core loss per share (non-GAAP)	<b>(\$9.44)</b>	(\$23.25)	(\$3.47)
Weighted average diluted shares (in millions)	<b>588.0</b>	569.0	566.0

(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 loss (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 loss per share (non-GAAP).

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

## **Critical Accounting Policies & Estimates**

### **Accounting for Long-term Contracts**

Substantially all contracts at BDS and certain contracts at BGS are long-term contracts. Our long-term contracts typically represent a single distinct performance obligation due to the highly interdependent and interrelated nature of the underlying goods and/or services and the significant service of integration that we provide.

Accounting for long-term contracts involves a judgmental process of estimating the total sales, costs, and profit for each performance obligation. Cost of sales is recognized as incurred, and revenue is determined by adding a proportionate amount of the estimated profit to the amount reported as cost of sales.

Due to the size, duration and nature of many of our long-term contracts, the estimation of total sales and costs through completion is complicated and subject to many variables. Total sales estimates are based on negotiated contract prices and quantities, modified by our assumptions regarding contract options, change orders, incentive and award provisions associated with technical performance, and price adjustment clauses (such as inflation or index-based clauses). The majority of these long-term contracts are with the U.S. government where the price is generally based on estimated cost to produce the product or service plus profit. Federal Acquisition Regulations provide guidance on the types of cost that will be reimbursed in establishing contract price. Total cost estimates are largely based on negotiated or estimated purchase contract terms, historical performance trends, business base and other economic projections. Factors that influence these estimates include inflationary trends, technical and schedule risk, internal and subcontractor performance trends, business volume assumptions, COVID-19 disruptions, asset utilization and anticipated labor agreements.

Revenue and cost estimates for all significant long-term contract performance obligations are reviewed and reassessed quarterly. Changes in these estimates could result in recognition of cumulative catch-up adjustments to the performance obligation's inception to date revenues, cost of sales and profit in the period in which such changes are made. Changes in revenue and cost estimates could also result in a reach-forward loss or an adjustment to a reach-forward loss which would be recorded immediately in earnings. For the years ended December 31, 2021, 2020 and 2019, net unfavorable cumulative catch-up adjustments across all long-term contracts increased loss from operations by \$880 million, \$942 million and \$111 million, respectively. The cumulative catch-up adjustments in 2021 were primarily due to losses recognized on the KC-46A Tanker, VC-25B and Commercial Crew programs. These are all fixed-price development programs, and there is ongoing risk that similar losses may have to be recognized in future periods on these and/or other programs.

Due to the significance of judgment in the estimation process described above, it is likely that materially different earnings could be recorded if we used different assumptions or if the underlying circumstances were to change. Changes in underlying assumptions/estimates, supplier performance, or circumstances may adversely or positively affect financial performance in future periods. If the combined gross margins for our profitable long-term contracts had been estimated to be higher or lower by 1% during 2021, it would have increased or decreased pre-tax income for the year by approximately \$300 million.

### **Program Accounting**

Program accounting requires the demonstrated ability to reliably estimate revenues, costs and gross profit margin for the defined program accounting quantity. A program consists of the estimated number of units (accounting quantity) of a product to be produced in a continuing, long-term production effort for delivery under existing and anticipated contracts. The determination of the accounting quantity is limited by the ability to make reasonably dependable estimates.

Factors that must be estimated include program accounting quantity, sales price, labor and employee benefit costs, material costs, procured part costs, major component costs, overhead costs, program tooling and other non-recurring costs, and warranty costs. Estimation of the accounting quantity for each program takes into account several factors that are indicative of the demand for the particular program, such as firm orders, letters of intent from prospective customers and market studies. Total estimated program sales are determined by estimating the model mix and sales price for all unsold units within the accounting quantity, added together with the sales prices for all undelivered units under contract. The sales prices for all undelivered units within the accounting quantity include an escalation adjustment for inflation that is updated quarterly. Cost estimates are based largely on negotiated and anticipated contracts with suppliers, historical performance trends, and business base and other economic projections. Factors that influence these estimates include production rates, internal and subcontractor performance trends, customer and/or supplier claims or assertions, asset utilization, anticipated labor agreements, COVID-19 disruptions, and inflationary or deflationary trends.

To ensure reliability in our estimates, we employ a rigorous estimating process that is reviewed and updated on a quarterly basis. This includes reassessing the accounting quantity. Changes in estimates of program gross profit margins are normally recognized on a prospective basis; however, when estimated costs to complete a program plus costs already included in inventory exceed estimated revenues from the program, a loss is recorded in the current period. Reductions to the estimated loss are included in the gross profit margin for undelivered units in the accounting quantity whereas increases to the estimated loss are recorded as an earnings charge in the period in which the loss is determined.

The 747, 767 and 777X programs have near break-even margins, and the 787 program has zero margin at December 31, 2021. Adverse changes to the revenue and/or cost estimates for these programs could result in additional earnings charges in future periods.

**777X Program** During the fourth quarter of 2020, we revised the estimated first delivery date of the 777X to late 2023 and recorded a \$6.5 billion reach-forward loss on the 777X program. The revised schedule and reach-forward loss reflected a number of factors, including an updated assessment of global certification requirements informed by continued discussions with regulators and a management decision in the fourth quarter of 2020 to make modifications to the aircraft's design, an updated assessment of COVID-19 impacts on market demand and discussions with our customers with respect to aircraft delivery timing. These factors resulted in adjustments to production rates and the program accounting quantity, increased change incorporation costs, and associated customer and supply chain impacts. The initial accounting quantity of 350 airplanes established in the fourth quarter of 2020 consists of 777X passenger airplanes and remained unchanged during 2021.

We are working towards reaching TIA which will enable us to begin FAA certification flight testing. The timing of TIA and certification will ultimately be determined by the regulators, and further determinations with respect to anticipated certification requirements could result in additional delays in entry into service and/or additional cost increases.

We continue to anticipate that the first 777X delivery will occur in late 2023. The 777X program has near break-even gross margins at December 31, 2021. The level of profitability on the 777X program will be subject to a number of factors. These factors include continued market uncertainty, the impacts of COVID-19 on our production system as well as impacts on our supply chain and customers, customer negotiations, further production rate adjustments for the 777X or other commercial aircraft programs, contraction of the accounting quantity and potential risks associated with the testing program and the timing of aircraft certification. One or more of these factors could result in additional reach-forward losses on the 777X program in future periods, which may be material.

**787 Program** The 787 program's production issues and delivery pause result in significant uncertainties regarding the revenue and cost estimates for the 787 program. Deliveries have remained paused since May 2021. During the fourth quarter of 2021, we recorded a loss of \$3.5 billion on the program primarily due to rework driving longer delivery delays than were previously expected and associated customer considerations. The estimate of customer considerations is based on a number of factors, including our current assumptions regarding timing of FAA approval enabling resumption of deliveries, estimated timing of completion of inspections and rework to enable deliveries in future periods, estimated timing of production rate increases as well as customer and market assessments. We continue to conduct inspections and rework and engage in detailed discussions with the FAA regarding required actions for resuming delivery of the 787. Our program revenue and cost estimates reflect the assumption that production rates will remain very low until deliveries resume, gradually returning to 5 per month over time. We have also assumed lower forecasted revenues due to delayed deliveries. Our program assumptions reflect our current best estimate. However, if the program experiences further delivery delays or other factors such as additional inspections or rework that result in lower revenue or higher cost estimates, we could record additional losses in future periods, which may be material.

### **Goodwill Impairments**

We test goodwill for impairment by performing a qualitative assessment or quantitative test. If we choose to perform a qualitative assessment, we evaluate economic, industry and company-specific factors as an initial step in assessing the fair value of the reporting unit. If we determine it is more likely than not that the carrying value of the net assets is more than the fair value of the reporting unit, then a quantitative test is performed; otherwise, no further testing is required. For reporting units where the quantitative test is used, we compare the carrying value of net assets to the estimated fair value of the reporting unit. 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.

We generally estimate the fair values of our reporting units using a combination of discounted cash flows and market-based valuation methodologies such as comparable public company trading values. Forecasts of future cash flows are based on our best estimate of future sales, operating costs and changes in working capital. These forecasts reflect existing firm orders, expected future orders, expected production rates and delivery profiles, contracts with suppliers, labor agreements and general market conditions. Changes in these forecasts could significantly change the amount of impairment recorded, if any. The cash flow forecasts are adjusted by an appropriate discount rate derived from our market capitalization plus a suitable control premium at the date of evaluation. Therefore, changes in the stock price may also affect the amount of impairment recorded, if any.

We completed our annual assessment of goodwill as of April 1, 2021 and determined that there was no impairment of goodwill. As of December 31, 2021, we estimated that the fair value of each reporting unit significantly exceeded its corresponding carrying value. Changes in our forecasts, discount rates or decreases in the value of our common stock could cause book values to exceed their fair values which may result in goodwill impairment charges in future periods.

### **Pension Plans**

Many of our employees have earned benefits under defined benefit pension plans. Nonunion and the majority of union employees that had participated in defined benefit pension plans transitioned to a company-funded defined contribution retirement savings plan in 2016. Additional union employees transitioned to company-funded defined contribution retirement savings plans effective January 1, 2019. Accounting rules require an annual measurement of our projected obligation and plan assets. These measurements are based upon several assumptions, including the discount rate and the expected long-term rate of asset return. Future changes in assumptions or differences between actual and expected

outcomes can significantly affect our future annual expense, projected benefit obligation and Shareholders' equity.

The projected benefit obligation is sensitive to discount rates. The projected benefit obligation would decrease by \$2,240 million or increase by \$2,530 million if the discount rate increased or decreased by 25 basis points. A 25 basis point change in the discount rate would not have a significant impact on pension cost. However, net periodic pension cost is sensitive to changes in the expected long-term rate of asset return. A decrease or increase of 25 basis points in the expected long-term rate of asset return would have increased or decreased 2021 net periodic pension cost by \$155 million. See Note 16 of the Notes to our Consolidated Financial Statements, which includes the discount rate and expected long-term rate of asset return assumptions for the last three years.

#### **Deferred Income Taxes – Valuation Allowance**

The Company has deferred income tax assets of \$11,258 million at December 31, 2021 that can be used in future years to offset taxable income and reduce income taxes payable. The Company has deferred income tax liabilities of \$8,976 million at December 31, 2021 that will partially offset deferred income tax assets and result in higher taxable income in future years and increase income taxes payable. Tax law determines whether future reversals of temporary differences will result in taxable and deductible amounts that offset each other in future years. The particular years in which temporary differences result in taxable or deductible amounts generally are determined by the timing of the recovery of the related asset or settlement of the related liability.

On a quarterly basis, we assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income and reduce the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not (defined as a likelihood of more than 50%) that all or a portion of such assets will not be realized.

This assessment takes into account both positive and negative evidence. A recent history of financial reporting losses is heavily weighted as a source of objectively verifiable negative evidence. Due to our recent history of losses, we determined we could not include future projected earnings in our analysis. Rather, we use systematic and logical methods to estimate when deferred tax liabilities will reverse and generate taxable income and when deferred tax assets will reverse and generate tax deductions. The selection of methodologies and assessment of when temporary differences will result in taxable or deductible amounts involves significant management judgment and is inherently complex and subjective. We believe that the methodologies we use are reasonable and can be replicated on a consistent basis in future periods.

Deferred tax liabilities represent the assumed source of future taxable income and the majority are assumed to generate taxable amounts during the next five years. Deferred tax assets include amounts related to pension and other postretirement benefits that are assumed to generate significant deductible amounts beyond five years. The Company's valuation allowance of \$2,423 million at December 31, 2021 primarily relates to pension and other postretirement benefit obligation deferred tax assets that are assumed to reverse beyond the period in which reversals of deferred tax liabilities are assumed to occur. During 2021, the Company decreased the valuation allowance by \$671 primarily due to favorable pension remeasurement. Until the Company generates sustained levels of profitability, additional valuation allowances may have to be recorded with corresponding adverse impacts on earnings and/or other comprehensive income.

For additional information regarding income taxes, see Note 4 of the Notes to the Consolidated Financial Statements.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Interest Rate 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 2021, we repaid the \$13.8 billion outstanding under our two-year floating-rate delayed draw term loan credit agreement. As a result, as of December 31, 2021, we do not have any significant floating-rate debt obligations. Historically, we have not experienced material gains or losses on our customer financing assets and liabilities due to interest rate changes.

### **Foreign Currency Exchange Rate Risk**

We are subject to foreign currency exchange rate risk relating to receipts from customers and payments to suppliers in foreign currencies. We use foreign currency forward contracts to hedge the price risk associated with firmly committed and forecasted foreign denominated payments and receipts related to our ongoing business. Foreign currency forward contracts are sensitive to changes in foreign currency exchange rates. At December 31, 2021, a 10% increase or decrease in the exchange rate in our portfolio of foreign currency contracts would have increased or decreased our unrealized losses by \$241 million. Consistent with the use of these contracts to neutralize the effect of exchange rate fluctuations, such unrealized losses or gains would be offset by corresponding gains or losses, respectively, in the remeasurement of the underlying transactions being hedged. When taken together, these forward currency contracts and the offsetting underlying commitments do not create material market risk.

### **Commodity Price Risk**

We are subject to commodity price risk relating to commodity purchase contracts for items used in production that are subject to changes in the market price. We use commodity swaps and commodity purchase contracts to hedge against these potentially unfavorable price changes. Our commodity purchase contracts and derivatives are both sensitive to changes in the market price. At December 31, 2021, a 10% increase or decrease in the market price in our commodity derivatives would have increased or decreased our unrealized losses by \$46 million. Consistent with the use of these contracts to neutralize the effect of market price fluctuations, such unrealized losses or gains would be offset by corresponding gains or losses, respectively, in the remeasurement of the underlying transactions being hedged. When taken together, these commodity purchase contracts and the offsetting swaps do not create material market risk.

**Item 8. Financial Statements and Supplementary Data**

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**The Boeing Company and Subsidiaries**  
**Consolidated Statements of Operations**

*(Dollars in millions, except per share data)*

Years ended December 31,	2021	2020	2019
Sales of products	\$51,386	\$47,142	\$66,094
Sales of services	10,900	11,016	10,465
<b>Total revenues</b>	<b>62,286</b>	<b>58,158</b>	<b>76,559</b>
Cost of products	(49,954)	(54,568)	(62,877)
Cost of services	(9,283)	(9,232)	(9,154)
Boeing Capital interest expense	(32)	(43)	(62)
<b>Total costs and expenses</b>	<b>(59,269)</b>	<b>(63,843)</b>	<b>(72,093)</b>
	<b>3,017</b>	<b>(5,685)</b>	<b>4,466</b>
Income/(loss) from operating investments, net	210	9	(4)
General and administrative expense	(4,157)	(4,817)	(3,909)
Research and development expense, net	(2,249)	(2,476)	(3,219)
Gain on dispositions, net	277	202	691
<b>Loss from operations</b>	<b>(2,902)</b>	<b>(12,767)</b>	<b>(1,975)</b>
Other income, net	551	447	438
Interest and debt expense	(2,682)	(2,156)	(722)
<b>Loss before income taxes</b>	<b>(5,033)</b>	<b>(14,476)</b>	<b>(2,259)</b>
Income tax benefit	743	2,535	1,623
<b>Net loss</b>	<b>(4,290)</b>	<b>(11,941)</b>	<b>(636)</b>
Less: net loss attributable to noncontrolling interest	(88)	(68)	
<b>Net loss attributable to Boeing Shareholders</b>	<b>(\$4,202)</b>	<b>(\$11,873)</b>	<b>(\$636)</b>
<b>Basic loss per share</b>	<b>(\$7.15)</b>	<b>(\$20.88)</b>	<b>(\$1.12)</b>
<b>Diluted loss per share</b>	<b>(\$7.15)</b>	<b>(\$20.88)</b>	<b>(\$1.12)</b>

See Notes to the Consolidated Financial Statements on pages 64 – 123.

**The Boeing Company and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**

(Dollars in millions)

Years ended December 31,	2021	2020	2019
Net loss	(\$4,290)	(\$11,941)	(\$636)
Other comprehensive income/(loss), net of tax:			
Currency translation adjustments	(75)	98	(27)
Unrealized gain on certain investments, net of tax of \$0, \$0 and \$0			1
Derivative instruments:			
Unrealized gain/(loss) arising during period, net of tax of (\$16), (\$4) and \$13	55	14	(48)
Reclassification adjustment for (gain)/loss included in net earnings, net of tax of \$2, (\$7) and (\$7)	(6)	27	26
Total unrealized gain/(loss) on derivative instruments, net of tax	49	41	(22)
Defined benefit pension plans & other postretirement benefits:			
Net actuarial gain/(loss) arising during the period, net of tax of (\$32), \$111 and \$405	4,262	(1,956)	(1,413)
Amortization of actuarial losses included in net periodic pension cost, net of tax of (\$8), (\$52) and (\$133)	1,155	917	464
Settlements included in net income, net of tax of (\$2), \$0 and \$0	191	5	
Amortization of prior service credits included in net periodic pension cost, net of tax of \$1, \$6 and \$25	(114)	(112)	(89)
Prior service cost/(credit) arising during the period, net of tax of \$0, (\$2) and \$0		27	(1)
Pension and postretirement benefit related to our equity method investments, net of tax of (\$2), \$0 and (\$5)	6		17
Total defined benefit pension plans & other postretirement benefits, net of tax	5,500	(1,119)	(1,022)
<b>Other comprehensive income/(loss), net of tax</b>	<b>5,474</b>	<b>(980)</b>	<b>(1,070)</b>
<b>Comprehensive loss related to noncontrolling interests</b>			<b>(41)</b>
<b>Comprehensive income/(loss), net of tax</b>	<b>1,184</b>	<b>(12,921)</b>	<b>(1,747)</b>
Less: Comprehensive loss related to noncontrolling interest	(88)	(68)	(41)
<b>Comprehensive income/(loss) attributable to Boeing Shareholders, net of tax</b>	<b>\$1,272</b>	<b>(\$12,853)</b>	<b>(\$1,706)</b>

See Notes to the Consolidated Financial Statements on pages 64 – 123.

**The Boeing Company and Subsidiaries**  
**Consolidated Statements of Financial Position**

(Dollars in millions, except per share data)

December 31,	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$8,052	\$7,752
Short-term and other investments	8,192	17,838
Accounts receivable, net	2,641	1,955
Unbilled receivables, net	8,620	7,995
Current portion of customer financing, net	117	101
Inventories	78,823	81,715
Other current assets, net	2,221	4,286
<b>Total current assets</b>	<b>108,666</b>	<b>121,642</b>
Customer financing, net	1,695	1,936
Property, plant and equipment, net	10,918	11,820
Goodwill	8,068	8,081
Acquired intangible assets, net	2,562	2,843
Deferred income taxes	77	86
Investments	975	1,016
Other assets, net of accumulated amortization of \$975 and \$729	5,591	4,712
<b>Total assets</b>	<b>\$138,552</b>	<b>\$152,136</b>
<b>Liabilities and equity</b>		
Accounts payable	\$9,261	\$12,928
Accrued liabilities	18,455	22,171
Advances and progress billings	52,980	50,488
Short-term debt and current portion of long-term debt	1,296	1,693
<b>Total current liabilities</b>	<b>81,992</b>	<b>87,280</b>
Deferred income taxes	218	1,010
Accrued retiree health care	3,528	4,137
Accrued pension plan liability, net	9,104	14,408
Other long-term liabilities	1,750	1,486
Long-term debt	56,806	61,890
<b>Total liabilities</b>	<b>153,398</b>	<b>170,211</b>
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	9,052	7,787
Treasury stock, at cost	(51,861)	(52,641)
Retained earnings	34,408	38,610
Accumulated other comprehensive loss	(11,659)	(17,133)
<b>Total shareholders' deficit</b>	<b>(14,999)</b>	<b>(18,316)</b>
Noncontrolling interests	153	241
<b>Total equity</b>	<b>(14,846)</b>	<b>(18,075)</b>
<b>Total liabilities and equity</b>	<b>\$138,552</b>	<b>\$152,136</b>

See Notes to the Consolidated Financial Statements on pages 64 – 123.

**The Boeing Company and Subsidiaries**  
**Consolidated Statements of Cash Flows**

(Dollars in millions)

Years ended December 31,	2021	2020	2019
<b>Cash flows – operating activities:</b>			
Net loss	(\$4,290)	(\$11,941)	(\$636)
Adjustments to reconcile net loss to net cash used by operating activities:			
Non-cash items –			
Share-based plans expense	833	250	212
Treasury shares issued for 401(k) contribution	1,233	195	
Depreciation and amortization	2,144	2,246	2,271
Investment/asset impairment charges, net	98	410	443
Customer financing valuation adjustments		12	250
Gain on dispositions, net	(277)	(202)	(691)
787 and 777X reach-forward losses	3,460	6,493	
Other charges and credits, net	360	1,462	334
Changes in assets and liabilities –			
Accounts receivable	(713)	909	603
Unbilled receivables	(586)	919	982
Advances and progress billings	2,505	(1,060)	737
Inventories	(1,127)	(11,002)	(12,391)
Other current assets	345	372	(682)
Accounts payable	(3,783)	(5,363)	1,600
Accrued liabilities	(3,687)	1,074	7,781
Income taxes receivable, payable and deferred	733	(2,576)	(2,476)
Other long-term liabilities	(206)	(222)	(621)
Pension and other postretirement plans	(972)	(794)	(777)
Customer financing, net	210	173	419
Other	304	235	196
<b>Net cash used by operating activities</b>	<b>(3,416)</b>	<b>(18,410)</b>	<b>(2,446)</b>
<b>Cash flows – investing activities:</b>			
Payments to acquire property, plant and equipment	(980)	(1,303)	(1,834)
Proceeds from disposals of property, plant and equipment	529	296	334
Acquisitions, net of cash acquired	(6)		(455)
Proceeds from dispositions			464
Contributions to investments	(35,713)	(37,616)	(1,658)
Proceeds from investments	45,489	20,275	1,759
Purchase of distribution rights			(127)
Other	5	(18)	(13)
<b>Net cash provided/(used) by investing activities</b>	<b>9,324</b>	<b>(18,366)</b>	<b>(1,530)</b>
<b>Cash flows – financing activities:</b>			
New borrowings	9,795	47,248	25,389
Debt repayments	(15,371)	(10,998)	(12,171)
Contributions from noncontrolling interests			7
Stock options exercised	42	36	58
Employee taxes on certain share-based payment arrangements	(66)	(173)	(248)
Common shares repurchased			(2,651)
Dividends paid		(1,158)	(4,630)
Other			(15)
<b>Net cash (used)/provided by financing activities</b>	<b>(5,600)</b>	<b>34,955</b>	<b>5,739</b>
Effect of exchange rate changes on cash and cash equivalents	(39)	85	(5)
<b>Net increase/(decrease) in cash &amp; cash equivalents, including restricted</b>	<b>269</b>	<b>(1,736)</b>	<b>1,758</b>
Cash & cash equivalents, including restricted, at beginning of year	7,835	9,571	7,813
<b>Cash &amp; cash equivalents, including restricted, at end of year</b>	<b>8,104</b>	<b>7,835</b>	<b>9,571</b>
Less restricted cash & cash equivalents, included in Investments	52	83	86
<b>Cash and cash equivalents at end of year</b>	<b>\$8,052</b>	<b>\$7,752</b>	<b>\$9,485</b>

See Notes to the Consolidated Financial Statements on pages 64 – 123.



**The Boeing Company and Subsidiaries**  
**Consolidated Statements of Equity**

	Boeing shareholders						
<i>(Dollars in millions, except per share data)</i>	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non- controlling Interest	Total
Balance at January 1, 2019	\$5,061	\$6,768	(\$52,348)	\$55,941	(\$15,083)	\$71	\$410
Net loss				(636)		(41)	(677)
Other comprehensive loss, net of tax of \$298					(1,070)		(1,070)
Share-based compensation and related dividend equivalents		245		(33)			212
Treasury shares issued for stock options exercised, net		(47)	104				57
Treasury shares issued for other share-based plans, net		(221)	(19)				(240)
Common shares repurchased			(2,651)				(2,651)
Cash dividends declared (\$8.22 per share)				(4,628)			(4,628)
Changes in noncontrolling interests						287	287
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				(11,873)		(68)	(11,941)
Other comprehensive loss, net of tax of \$52					(980)		(980)
Share-based compensation		250					250
Treasury shares issued for stock options exercised, net		(26)	63				37
Treasury shares issued for other share-based plans, net		(214)	47				(167)
Treasury shares contributed to pension plans		952	2,048				3,000
Treasury shares issued for 401(k) contribution		80	115				195
Changes in noncontrolling interests						(8)	(8)
Other				1			1
Balance at December 31, 2020	\$5,061	\$7,787	(\$52,641)	\$38,610	(\$17,133)	\$241	(\$18,075)
Net loss				(4,202)		(88)	(4,290)
Other comprehensive income, net of tax of (\$57)					5,474		5,474
Share-based compensation		833					833
Treasury shares issued for stock options exercised, net		(28)	70				42
Treasury shares issued for other share-based plans, net		(98)	35				(63)
Treasury shares issued for 401(k) contribution		558	675				1,233
Balance at December 31, 2021	\$5,061	\$9,052	(\$51,861)	\$34,408	(\$11,659)	\$153	(\$14,846)

See Notes to the Consolidated Financial Statements on pages 64 – 123.

**The Boeing Company and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**Summary of Business Segment Data**

*(Dollars in millions)*

Years ended December 31,	2021	2020	2019
<b>Revenues:</b>			
Commercial Airplanes	\$19,493	\$16,162	\$32,255
Defense, Space & Security	26,540	26,257	26,095
Global Services	16,328	15,543	18,468
Boeing Capital	272	261	244
Unallocated items, eliminations and other	(347)	(65)	(503)
<b>Total revenues</b>	<b>\$62,286</b>	<b>\$58,158</b>	<b>\$76,559</b>
<b>Earnings/(loss) from operations:</b>			
Commercial Airplanes	(\$6,475)	(\$13,847)	(\$6,657)
Defense, Space & Security	1,544	1,539	2,615
Global Services	2,017	450	2,697
Boeing Capital	106	63	28
<b>Segment operating loss</b>	<b>(2,808)</b>	<b>(11,795)</b>	<b>(1,317)</b>
Unallocated items, eliminations and other	(1,267)	(2,355)	(2,073)
FAS/CAS service cost adjustment	1,173	1,383	1,415
<b>Loss from operations</b>	<b>(2,902)</b>	<b>(12,767)</b>	<b>(1,975)</b>
Other income, net	551	447	438
Interest and debt expense	(2,682)	(2,156)	(722)
<b>Loss before income taxes</b>	<b>(5,033)</b>	<b>(14,476)</b>	<b>(2,259)</b>
Income tax benefit	743	2,535	1,623
<b>Net loss</b>	<b>(4,290)</b>	<b>(11,941)</b>	<b>(636)</b>
Less: net loss attributable to noncontrolling interest	(88)	(68)	
<b>Net loss attributable to Boeing Shareholders</b>	<b>(\$4,202)</b>	<b>(\$11,873)</b>	<b>(\$636)</b>

This information is an integral part of the Notes to the Consolidated Financial Statements. See Note 22 for further segment results.

**The Boeing Company and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021, 2020 and 2019**  
*(Dollars in millions, except otherwise stated)*

**Note 1 – Summary of Significant Accounting Policies**

**Principles of Consolidation and Basis of Presentation**

The Consolidated 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”). These statements include the accounts of all majority-owned subsidiaries and variable interest entities that are required to be consolidated. All significant intercompany accounts and transactions have been eliminated. As described in Note 22, we operate in four reportable segments: Commercial Airplanes (BCA), Defense, Space & Security (BDS), Global Services (BGS) and Boeing Capital (BCC).

**Liquidity Matters**

The global outbreak of COVID-19, 787 production issues and associated rework, and the residual impacts of the 737 MAX grounding continue to have significant adverse impacts on our business and are expected to continue to negatively impact revenue, earnings and operating cash flow in future quarters. The COVID-19 pandemic has caused an unprecedented shock to demand for air travel, creating a tremendous challenge for our customers, our business and the entire commercial aerospace manufacturing and services sector. We continue to expect commercial air travel to return to 2019 levels in 2023 to 2024. We expect it will take 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 recover, and whether, and at what point capacity will return to and/or exceed pre-COVID-19 levels.

During 2021, net cash used by operating activities was \$3.4 billion. Our operating cash flows continue to be impacted by lower commercial airplane deliveries and concessions paid to 737 MAX customers. We expect negative operating cash flows until commercial deliveries ramp up. In 2021, we issued \$9.8 billion of fixed rate senior notes that mature between 2023 and 2026. We used the net proceeds of these note issuances to repay the \$13.8 billion outstanding under our two-year delayed draw term loan credit agreement. In 2021, we also repaid \$1.5 billion of term notes. As a result, our cash and short-term investment balance was \$16.2 billion and our debt balance was \$58.1 billion at December 31, 2021. In addition, we have term notes of \$1.2 billion maturing in 2022.

As of December 31, 2021, our unused borrowing capacity on revolving credit agreements is \$14.7 billion. We anticipate that these revolving credit lines will remain undrawn and primarily serve as backup liquidity to support our general corporate borrowing needs. Our borrowing capacity includes a \$3.1 billion 364-day revolving credit facility, which is set to expire in October 2022. See Note 15.

In 2021, our short-term and long-term credit ratings by the major credit rating agencies remained unchanged from 2020. There is risk for further downgrades.

At December 31, 2021 and 2020, trade payables included \$2.3 billion and \$3.8 billion payable to suppliers who have elected to participate in supply chain financing programs. While access to supply chain financing has been reduced due to our current credit ratings and debt levels, we do not believe that these or future changes in the availability of supply chain financing will have a significant impact on our liquidity.

In addition to our debt issuances, we have taken a number of actions to improve liquidity. During 2020, our Board of Directors terminated its prior authorization to repurchase shares of the Company’s outstanding common stock and suspended the declaration and/or payment of dividends until further

notice. We have also reduced production rates in our commercial business to reflect the impact of COVID-19 on the industry. We rationalized our workforce through a combination of voluntary and involuntary layoffs and natural turnover. In the fourth quarter of 2020, we began using our common stock in lieu of cash to fund Company contributions to our 401(k) plans. In December 2020, we awarded most of our employees a one-time stock grant that will vest in three years in lieu of merit pay increases. We have reduced discretionary spending, including reducing or deferring research and development and capital expenditures. We expect these actions to further enable the Company to conserve cash.

We are also working with our customers and supply chain to accelerate receipts and conserve cash. For example, the United States Department of Defense (U.S. DoD) 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. In addition, the Coronavirus Aid, Relief, and Economic Security (CARES) Act included a five-year net operating loss carryback provision which enabled us to benefit from certain 2020 losses and resulted in tax refunds of \$1.7 billion in 2021.

We continue to transform and improve our business processes. These activities are not intended to constrain our capacity but to enable the Company to emerge stronger and be more resilient when the market recovers.

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

### **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 are appropriate, however, given the increased uncertainties surrounding the severity and duration of the impacts of the COVID-19 pandemic actual results could differ from those estimates.

### **Operating Cycle**

For classification of certain current assets and liabilities, we use the duration of the related contract or program as our operating cycle, which is generally longer than one year.

### **Revenue and Related Cost Recognition**

**Commercial aircraft contracts** The majority of our BCA segment revenue is derived from commercial aircraft contracts. For each contract, we determine the transaction price based on the consideration expected to be received. We allocate the transaction price to each commercial aircraft performance obligation based on relative standalone selling prices adjusted by an escalation formula as specified in the customer agreement. Revenue is recognized for each commercial aircraft performance obligation at the point in time when the aircraft is completed and accepted by the customer. We use program accounting to determine the amount reported as cost of sales.

In certain situations, where an aircraft is still in our possession, and title and risk of loss has passed to the customer (known as a bill-and-hold arrangement), revenue will be recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met.

Payments for commercial aircraft sales are received in accordance with the customer agreement, which generally includes a deposit upon order and additional payments in accordance with a payment schedule, with the balance being due immediately prior to or at aircraft delivery. Advances and progress billings (contract liabilities) are normal and customary for commercial aircraft contracts and not considered a significant financing component as they are intended to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

**Long-term contracts** Substantially all contracts at BDS and certain contracts at BGS are long-term contracts with the U.S. government and other customers that generally extend over several years. Products sales under long-term contracts primarily include fighter jets, rotorcraft, cybersecurity products, surveillance suites, advanced weapons, missile defense, military derivative aircraft, satellite systems and modification of commercial passenger aircraft to cargo freighters. Services sales under long-term contracts primarily include support and maintenance agreements associated with our commercial and defense products and space travel on Commercial Crew.

For each long-term contract, we determine the transaction price based on the consideration expected to be received. We allocate the transaction price to each distinct performance obligation to deliver a good or service, or a collection of goods and/or services, based on the relative standalone selling prices. A long-term contract will typically represent a single distinct performance obligation due to the highly interdependent and interrelated nature of the underlying goods and/or services and the significant service of integration that we provide. While the scope and price on certain long-term contracts may be modified over their life, the transaction price is based on current rights and obligations under the contract and does not include potential modifications until they are agreed upon with the customer. When applicable, a cumulative adjustment or separate recognition for the additional scope and price may result. Long-term contracts can be negotiated with a fixed price or a price in which we are reimbursed for costs incurred plus an agreed upon profit. The Federal Acquisition Regulations provide guidance on the types of cost that will be reimbursed in establishing the price for contracts with the U.S. government. Certain long-term contracts include in the transaction price variable consideration, such as incentive and award fees, if specified targets are achieved. The amount included in the transaction price represents the expected value, based on a weighted probability, or the most likely amount.

Long-term contract revenue is recognized over the contract term (over time) as the work progresses, either as products are produced or as services are rendered. We generally recognize revenue over time as we perform on long-term contracts because of continuous transfer of control to the customer. For U.S. government contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience, pay us for costs incurred plus a reasonable profit and take control of any work in process. Similarly, for non-U.S. government contracts, the customer typically controls the work in process as evidenced either by contractual termination clauses or by our rights to payment of the transaction price associated with work performed to date on products or services that do not have an alternative use to the Company.

The accounting for long-term contracts involves a judgmental process of estimating total sales, costs and profit for each performance obligation. Cost of sales is recognized as incurred. The amount reported as revenues is determined by adding a proportionate amount of the estimated profit to the amount reported as cost of sales. Recognizing revenue as costs are incurred provides an objective measure of progress on the long-term contract and thereby best depicts the extent of transfer of control to the customer.

For long-term contracts for which revenue is recognized over time, 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:

	2021	2020	2019
Increase/(Decrease) to Revenue	(\$379)	(\$359)	\$54
Increase to Loss from operations	(\$880)	(\$942)	(\$111)
Decrease to Diluted EPS	(\$1.28)	(\$1.37)	(\$0.06)

Significant adjustments during the three years ended December 31, 2021 included losses on KC-46A Tanker, Commercial Crew and VC-25B.

Due to the significance of judgment in the estimation process, changes in underlying assumptions/estimates, supplier performance or circumstances may adversely or positively affect financial performance in future periods.

Payments under long-term contracts may be received before or after revenue is recognized. The U.S. government customer typically withholds payment of a small portion of the contract price until contract completion. Therefore, long-term contracts typically generate Unbilled receivables (contract assets) but may generate Advances and progress billings (contract liabilities). Long-term contract Unbilled receivables and Advances and progress billings are not considered a significant financing component because they are intended to protect either the customer or the Company in the event that some or all of the obligations under the contract are not completed.

**Commercial spare parts contracts** Certain contracts at our BGS segment include sales of commercial spare parts. For each contract, we determine the transaction price based on the consideration expected to be received. The spare parts have discrete unit prices that represent fair value. We generally consider each spare part to be a separate performance obligation. Revenue is recognized for each commercial spare part performance obligation at the point in time of delivery to the customer. We may provide our customers with a right to return a commercial spare part where a customer may receive a full or partial refund, a credit applied to amounts owed, a different product in exchange, or any combination of these items. We consider the potential for customer returns in the estimated transaction price. The amount reported as cost of sales is recorded at average cost. Payments for commercial spare parts sales are typically received shortly after delivery.

**Other service revenue contracts** Certain contracts at our BGS segment are for sales of services to commercial customers including maintenance, training, data analytics and information-based services. We recognize revenue for these service performance obligations over time as the services are rendered. The method of measuring progress (such as straight-line or billable amount) varies depending upon which method best depicts the transfer of control to the customer based on the type of service performed. Cost of sales is recorded as incurred.

**Concession Sharing Arrangements** We account for sales concessions to our customers in consideration of their purchase of products and services as a reduction of the transaction price and the revenue that is recognized for the related performance obligations. The sales concessions incurred may be partially reimbursed by certain suppliers in accordance with concession sharing arrangements. We record these reimbursements, which are presumed to represent reductions in the price of the vendor's products or services, as a reduction in Cost of products.

**Unbilled Receivables and Advances and Progress Billings** Unbilled receivables (contract assets) arise when the Company recognizes revenue for amounts which cannot yet be billed under terms of the

contract with the customer. Advances and progress billings (contract liabilities) arise when the Company receives payments from customers in advance of recognizing revenue. The amount of Unbilled receivables or Advances and progress billings is determined for each contract.

**Financial Services Revenue** We record financial services revenue associated with sales-type/finance leases, operating leases and loans in Sales of services on the Consolidated Statements of Operations. For sales-type leases, we recognize revenue if collection of the lease payments is probable. For sales-type and finance leases, we record customer financing receivables at lease inception. A customer financing receivable is recorded at the aggregate of future minimum lease payments, estimated residual value of the leased equipment, and any deferred incremental direct costs less unearned income. Income is recognized over the life of the lease to approximate a level rate of return on the net investment. For notes receivable, notes are recorded as customer financing receivables net of any unamortized discounts and deferred incremental direct costs. Interest income and amortization of any discounts are recorded ratably over the related term of the note.

Income recognition is generally suspended for customer financing receivables that are uncollectible. We determine that a customer financing receivable is uncollectible 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. We determine a customer financing receivable is past due when cash has not been received upon the due date specified in the contract.

We evaluate the collectability of customer financing receivables at commencement and on a recurring basis. If a customer financing receivable is determined to be uncollectible, the customer is categorized as non-accrual status. When a customer is in non-accrual status at commencement, sales-type lease revenue is deferred until substantially all cash has been received or the customer is removed from non-accrual status. If we have a direct finance lease and/or a note receivable with a customer that is in non-accrual status, or a sales-type lease with a customer that changes to non-accrual status after commencement, we recognize contractual interest income as payments are received to the extent there is sufficient collateral and payments exceed past due principal payments.

Residual values, which are reviewed periodically, represent the estimated amount we expect to receive at lease termination from the disposition of the leased equipment. Actual residual values realized could differ from these estimates. Declines in estimated residual value that are deemed other-than-temporary are recognized in the period in which the declines occur.

For operating leases, revenue on leased aircraft and equipment is recorded on a straight-line basis over the term of the lease. Operating lease assets, included in Customer financing, net, are recorded at cost and depreciated to an estimated residual value using the straight-line method over the period that we project we will hold the asset. We periodically review our estimates of residual value and recognize forecasted changes by prospectively adjusting depreciation expense.

**Reinsurance Revenue** Our wholly-owned insurance subsidiary, Astro Ltd., participates in a reinsurance pool for workers' compensation. The member agreements and practices of the reinsurance pool minimize any participating members' individual risk. Reinsurance revenues were \$126, \$129 and \$151 during 2021, 2020 and 2019, respectively. Reinsurance costs related to premiums and claims paid to the reinsurance pool were \$129, \$136 and \$150 during 2021, 2020 and 2019, respectively. Revenues and costs are presented net in Cost of sales in the Consolidated Statements of Operations.

### **Fleet Support**

We provide assistance and support to facilitate efficient and safe aircraft operation to the operators of all our commercial airplane models. Collectively known as fleet support, these activities and support services include flight and maintenance training, field service support, engineering support, and

technical data and documents. Fleet support activity begins prior to aircraft delivery as the customer receives training, manuals, and technical consulting support. This activity continues throughout the aircraft's operational life. Services provided after delivery include field service support, consulting on maintenance, repair and operational issues brought forth by the customer or regulators, updating manuals and engineering data, and the issuance of service bulletins that impact the entire model's fleet. Field service support involves our personnel located at customer facilities providing and coordinating fleet support activities and requests. The costs for fleet support are expensed as incurred as Cost of services.

### **Research and Development**

Research and development includes costs incurred for experimentation, design and testing, as well as bid and proposal efforts related to government products and services, which are expensed as incurred unless the costs are related to certain contractual arrangements with customers. Costs that are incurred pursuant to such contractual arrangements are recorded over the period that revenue is recognized, consistent with our long-term contract accounting policy. We have certain research and development arrangements that meet the requirement for best efforts research and development accounting. Accordingly, the amounts funded by the customer are recognized as an offset to our research and development expense rather than as contract revenues. Research and development expense included bid and proposal costs of \$213, \$224 and \$214 in 2021, 2020 and 2019, respectively.

### **Share-Based Compensation**

We provide various forms of share-based compensation to our employees. For awards settled in shares, we measure compensation expense based on the grant-date fair value net of estimated forfeitures. For awards settled in cash, or that may be settled in cash, we measure compensation expense based on the fair value at each reporting date net of estimated forfeitures. The expense is recognized over the requisite service period, which is generally the vesting period of the award.

### **Income Taxes**

Provisions for U.S. federal, state and local, and non-U.S. income taxes are calculated on reported Loss before income taxes based on current tax law and also include, in the current period, the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently receivable or payable because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes. Significant judgment is required in determining income tax provisions and evaluating tax positions.

The accounting for uncertainty in income taxes requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. We record a liability for the difference between the benefit recognized and measured for financial statement purposes and the tax position taken or expected to be taken on our tax return. To the extent that our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. Tax-related interest and penalties are classified as a component of Income tax benefit.

We also assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income and reduce the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not that all or a portion of such assets will not be realized. Changes in our estimates and judgments regarding realization of deferred tax assets may result in an increase or decrease to our tax expense and/or other comprehensive income, which would be recorded in the period in which the change occurs.

## **Postretirement Plans**

Many of our employees have earned benefits under defined benefit pension plans. Nonunion and the majority of union employees that had participated in defined benefit pension plans transitioned to a company-funded defined contribution retirement savings plan in 2016. Additional union employees transitioned to company-funded defined contribution retirement savings plans effective January 1, 2019. We also provide postretirement benefit plans other than pensions, consisting principally of health care coverage to eligible retirees and qualifying dependents. Benefits under the pension and other postretirement benefit plans are generally based on age at retirement and years of service and, for some pension plans, benefits are also based on the employee's annual earnings. The net periodic cost of our pension and other postretirement plans is determined using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate, the long-term rate of asset return and medical trend (rate of growth for medical costs). A portion of the service cost component of net periodic pension and other postretirement income or expense is not recognized in net earnings in the year incurred because it is allocated to production as product costs and reflected in inventory at the end of a reporting period. Actuarial gains and losses, which occur when actual experience differs from actuarial assumptions, are reflected in Shareholders' equity (net of taxes). If actuarial gains and losses exceed ten percent of the greater of plan assets or plan liabilities, we amortize them over the average expected future lifetime of participants. The funded status of our pension and postretirement plans is reflected on the Consolidated Statements of Financial Position.

## **Postemployment Plans**

We record a liability for postemployment benefits, such as severance or job training, when payment is probable, the amount is reasonably estimable, and the obligation relates to rights that have vested or accumulated.

## **Environmental Remediation**

We are subject to federal and state requirements for protection of the environment, including those for discharge of hazardous materials and remediation of contaminated sites. We routinely assess, based on in-depth studies, expert analyses and legal reviews, our contingencies, obligations and commitments for remediation of contaminated sites, including assessments of ranges and probabilities of recoveries from other responsible parties and/or insurance carriers. Our policy is to accrue and charge to current expense identified exposures related to environmental remediation sites when it is probable that a liability has been incurred and the amount can be reasonably estimated. The amount of the liability is based on our best estimate or the low end of a range of reasonably possible exposure for investigation, cleanup and monitoring costs to be incurred. Estimated remediation costs are not discounted to present value as the timing of payments cannot be reasonably estimated. We may be able to recover a portion of the remediation costs from insurers or other third parties. Such recoveries are recorded when realization of the claim for recovery is deemed probable.

## **Cash and Cash Equivalents**

Cash and cash equivalents consist of highly liquid instruments, such as commercial paper, time deposits, and other money market instruments, which have original maturities of three months or less. We aggregate our cash balances by bank where conditions for right of set-off are met, and reclassify any negative balances, consisting mainly of uncleared checks, to Accounts payable. Negative balances reclassified to Accounts payable were \$47 and \$74 at December 31, 2021 and 2020.

## **Inventories**

Inventoried costs on commercial aircraft programs and long-term contracts include direct engineering, production and tooling and other non-recurring costs, and applicable overhead, which includes fringe

benefits, production related indirect and plant management salaries and plant services, not in excess of estimated net realizable value. To the extent a material amount of such costs are related to an abnormal event or are fixed costs not appropriately attributable to our programs or contracts, they are expensed in the current period rather than inventoried. Inventoried costs include amounts relating to programs and contracts with long-term production cycles, a portion of which is not expected to be realized within one year. Included in inventory for federal government contracts is an allocation of allowable costs related to manufacturing process reengineering.

Commercial aircraft programs inventory includes deferred production costs and supplier advances. Deferred production costs represent actual costs incurred for production of early units that exceed the estimated average cost of all units in the program accounting quantity. Higher production costs are experienced at the beginning of a new or derivative airplane program. Units produced early in a program require substantially more effort (labor and other resources) than units produced later in a program because of volume efficiencies and the effects of learning. We expect that these deferred costs will be fully recovered when all units included in the accounting quantity are delivered as the expected unit cost for later deliveries is below the estimated average cost of all units in the program. Supplier advances represent payments for parts we have contracted to receive from suppliers in the future. As parts are received, supplier advances are amortized to work in process.

The determination of net realizable value of long-term contract costs is based upon quarterly reviews that estimate costs to be incurred to complete all contract requirements. When actual contract costs and the estimate to complete exceed total estimated contract revenues, a loss provision is recorded. The determination of net realizable value of commercial aircraft program costs is based upon quarterly program reviews that estimate revenue and cost to be incurred to complete the program accounting quantity. When estimated costs to complete exceed estimated program revenues to go, a program loss provision is recorded in the current period for the estimated loss on all undelivered units in the accounting quantity.

Used aircraft purchased by the Commercial Airplanes segment and general stock materials are stated at cost not in excess of net realizable value. See 'Aircraft Valuation' within this Note for a discussion of our valuation of used aircraft. Spare parts inventory is stated at lower of average unit cost or net realizable value. We review our commercial spare parts and general stock materials quarterly to identify impaired inventory, including excess or obsolete inventory, based on historical sales trends, expected production usage, and the size and age of the aircraft fleet using the part. Impaired inventories are charged to Cost of products in the period the impairment occurs.

Included in inventory for commercial aircraft programs are amounts paid or credited in cash, or other consideration to certain airline customers, that are referred to as early issue sales consideration. Early issue sales consideration is recognized as a reduction to revenue when the delivery of the aircraft under contract occurs. If an airline customer does not perform and take delivery of the contracted aircraft, we believe that we would have the ability to recover amounts paid. However, to the extent early issue sales consideration exceeds advances and is not considered to be otherwise recoverable, it would be written off in the current period.

#### **Precontract Costs**

We may, from time to time, incur costs in excess of the amounts required for existing contracts. If we determine the costs are probable of recovery from future orders, then we capitalize the precontract costs we incur, excluding start-up costs which are expensed as incurred. Capitalized precontract costs are included in Inventories in the accompanying Consolidated Statements of Financial Position. Should future orders not materialize or we determine the costs are no longer probable of recovery, the capitalized costs would be written off.

## **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost, including applicable construction-period interest, less accumulated depreciation and are depreciated principally over the following estimated useful lives: new buildings and land improvements, from 10 to 40 years; and new machinery and equipment, from 4 to 20 years. The principal methods of depreciation are as follows: buildings and land improvements, 150% declining balance; and machinery and equipment, sum-of-the-years' digits. Capitalized internal use software is included in Other assets and amortized using the straight line method over 5 years. Capitalized software as a service is included in Other assets and amortized using the straight line method over the term of the hosting arrangement, which is typically no greater than 10 years. We periodically evaluate the appropriateness of remaining depreciable lives assigned to long-lived assets, including assets that may be subject to a management plan for disposition.

Long-lived assets held for sale are stated at the lower of cost or fair value less cost to sell. Long-lived assets held for use are subject to an impairment assessment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset, the amount of the impairment is the difference between the carrying amount and the fair value of the asset.

**Leases** We determine if an arrangement is, or contains, a lease at the inception date. Operating leases are included in Other assets, with the related liabilities included in Accrued liabilities and Other long-term liabilities. Assets under finance leases, which primarily represent computer equipment, are included in Property, plant and equipment, net, with the related liabilities included in Short-term debt and current portion of long-term debt and Long-term debt on the Consolidated Statements of Financial Position.

Operating lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. We use our estimated incremental borrowing rate in determining the present value of lease payments. Variable components of the lease payments such as fair market value adjustments, utilities and maintenance costs are expensed as incurred and not included in determining the present value. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

We have real property lease agreements with lease and non-lease components which are accounted for as a single lease component.

## **Asset Retirement Obligations**

We record all known asset retirement obligations for which the liability's fair value can be reasonably estimated, including certain asbestos removal, asset decommissioning and contractual lease restoration obligations. Recorded amounts are not material.

We also have known conditional asset retirement obligations, such as certain asbestos remediation and asset decommissioning activities to be performed in the future, that are not reasonably estimable due to insufficient information about the timing and method of settlement of the obligation. Accordingly, these obligations have not been recorded in the Consolidated Financial Statements. A liability for these obligations will be recorded in the period when sufficient information regarding timing and method of settlement becomes available to make a reasonable estimate of the liability's fair value. In addition, there may be conditional asset retirement obligations that we have not yet discovered (e.g. asbestos may exist in certain buildings but we have not become aware of it through the normal course of

business), and therefore, these obligations also have not been included in the Consolidated Financial Statements.

### **Goodwill and Other Acquired Intangibles**

Goodwill and other acquired intangible assets with indefinite lives are not amortized, but are tested for impairment annually and when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. Our annual testing date is April 1.

We test goodwill for impairment by performing a qualitative assessment or using a quantitative test. If we choose to perform a qualitative assessment and determine it is more likely than not that the carrying value of the net assets is more than the fair value of the related operations, the quantitative test is then performed; otherwise, no further testing is required. For operations where the quantitative test is used, we compare 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.

Indefinite-lived intangibles consist of a brand and trade name and in-process research and development (IPR&D) acquired in business combinations. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. IPR&D is reclassified to finite-lived acquired intangible assets when a project is completed and then amortized on a straight-line basis over the asset's estimated useful life. We test these intangibles for impairment by comparing the carrying values to current projections of related discounted cash flows. Any excess carrying value over the amount of discounted cash flows represents the amount of the impairment.

Our finite-lived acquired intangible assets are amortized on a straight-line basis over their estimated useful lives as follows: developed technology, from 4 to 14 years; product know-how, from 6 to 30 years; customer base, from 3 to 17 years; distribution rights, from 3 to 27 years; and other, from 1 to 32 years. We evaluate the potential impairment of finite-lived acquired intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset, the amount of the impairment is the difference between the carrying amount and the fair value of the asset.

### **Investments**

Time deposits are held-to-maturity investments that are carried at cost.

Available-for-sale debt securities include commercial paper, U.S. government agency securities and corporate debt securities. Available-for-sale debt securities are recorded at fair value, and unrealized gains and losses are recorded, net of tax, as a component of accumulated other comprehensive income. Realized gains and losses on available-for-sale debt securities are recognized based on the specific identification method. Available-for-sale debt securities are assessed for impairment quarterly.

The equity method of accounting is used to account for investments for which we have the ability to exercise significant influence, but not control, over an investee. Significant influence is generally deemed to exist if we have an ownership interest in the voting stock of an investee of between 20% and 50%. The cumulative earnings approach is used for cash flow classification of distributions received from equity method investments.

Other Equity investments are recorded at fair value, with gains and losses recorded through net earnings. Equity investments without readily determinable fair value are measured at cost, less impairments, plus or minus observable price changes. Equity investments without readily determinable fair value are assessed for impairment quarterly.

We classify investment income and loss on our Consolidated Statements of Operations based on whether the investment is operating or non-operating in nature. Operating investments align strategically and are integrated with our operations. Earnings from operating investments, including our share of income or loss from equity method investments, dividend income from other equity investments, and any impairments or gain/loss on the disposition of these investments, are recorded in Income from operating investments, net. Non-operating investments are those we hold for non-strategic purposes. Earnings from non-operating investments, including interest and dividends on marketable securities, and any impairments or gain/loss on the disposition of these investments are recorded in Other income/(loss), net.

### **Derivatives**

All derivative instruments are recognized in the financial statements and measured at fair value regardless of the purpose or intent of holding them. We use derivative instruments to principally manage a variety of market risks. For our cash flow hedges, the derivative's gain or loss is initially reported in comprehensive income and is subsequently reclassified into earnings in the same period(s) during which the hedged forecasted transaction affects earnings. We have agreements to purchase and sell aluminum to address long-term strategic sourcing objectives and non-U.S. business requirements. These agreements are derivatives for accounting purposes but are not designated for hedge accounting treatment. We also hold certain derivative instruments for economic purposes that are not designated for hedge accounting treatment. For these aluminum agreements and for other derivative instruments not designated for hedge accounting treatment, the changes in their fair value are recorded in earnings immediately.

### **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 is assessed quarterly through consideration of factors such as customer credit ratings, bankruptcy filings, published or estimated credit default rates, age of the receivable, expected loss rates and collateral exposures. We determine the creditworthiness of our customers by assigning internal credit ratings based upon publicly available information and information obtained directly from the customers. Our rating categories are comparable to those used by major credit rating agencies.

### **Aircraft Valuation**

**Used aircraft under trade-in commitments and aircraft under repurchase commitments** In conjunction with signing a definitive agreement 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. Additionally, we have entered into contingent repurchase commitments with certain customers wherein we agree to repurchase the Sale Aircraft at a specified price, generally 10 to 15 years after delivery of the Sale Aircraft. Our repurchase of the Sale Aircraft is contingent upon a future, mutually acceptable agreement for the sale of additional new aircraft. If we execute an agreement for the sale of additional new aircraft, and if the customer exercises its right to sell the Sale Aircraft to us, a contingent repurchase commitment would become a trade-in commitment. Our historical experience is that contingent repurchase commitments infrequently become trade-in commitments.

Exposure related to trade-in commitments may take the form of:

- (1) adjustments to revenue for the difference between the contractual trade-in price in the definitive agreement and our best estimate of the fair value of the trade-in aircraft as of the date of such agreement, which would be recognized upon delivery of the Sale Aircraft, and/or
- (2) charges to cost of products for adverse changes in the fair value of trade-in aircraft that occur subsequent to signing of a definitive agreement for Sale Aircraft but prior to the purchase of the used trade-in aircraft. Estimates based on current aircraft values would be included in Accrued liabilities.

The fair value of trade-in aircraft is determined using aircraft-specific data such as model, age and condition, market conditions for specific aircraft and similar models, and multiple valuation sources. This process uses our assessment of the market for each trade-in aircraft, which in most instances begins years before the return of the aircraft. There are several possible markets in which we continually pursue opportunities to place used aircraft. These markets include, but are not limited to, the resale market, which could potentially include the cost of long-term storage; the leasing market, with the potential for refurbishment costs to meet the leasing customer's requirements; or the scrap market. Trade-in aircraft valuation varies significantly depending on which market we determine is most likely for each aircraft. On a quarterly basis, we update our valuation analysis based on the actual activities associated with placing each aircraft into a market or using current published third-party aircraft valuations based on the type and age of the aircraft, adjusted for individual attributes and known conditions.

Used aircraft acquired by the Commercial Airplanes segment are included in Inventories at the lower of cost or net realizable value as it is our intent to sell these assets. To mitigate costs and enhance marketability, aircraft may be placed on operating lease. While on operating lease, the assets are included in Customer financing.

**Customer financing** Customer financing includes operating lease equipment, notes receivable and sales-type/finance leases. Sales-type/finance leases are treated as receivables, and allowances for losses are established as necessary. Customer financing is collateralized by security in the related asset.

We assess the fair value of equipment under operating leases, assets held for sale or re-lease, and collateral underlying receivables to determine if their fair values are less than the related customer financing assets' carrying values. Differences between carrying values and fair values of sales-type/finance leases and notes and other receivables, as determined by collateral value, are considered in determining the allowance for losses on receivables.

We use a median calculated from published collateral values from multiple third-party aircraft value publications based on the type and age of the aircraft to determine the fair value of aircraft. Under certain circumstances, we apply judgment based on the attributes of the specific aircraft or equipment, usually when the features or use of the aircraft vary significantly from the more generic aircraft attributes covered by outside publications.

**Impairment review for assets under operating leases and held for sale or re-lease** We evaluate for impairment assets under operating lease or assets held for sale or re-lease when events or changes in circumstances indicate that the expected undiscounted cash flow from the asset may be less than the carrying value. We use various assumptions when determining the expected undiscounted cash flow, including our intentions for how long we will hold an asset subject to operating lease before it is sold, the expected future lease rates, lease terms, residual value of the asset, periods in which the asset may be held in preparation for a follow-on lease, maintenance costs, remarketing costs and the remaining

economic life of the asset. We record assets held for sale at the lower of carrying value or fair value less costs to sell.

When we determine that impairment is indicated for an asset, the amount of impairment expense recorded is the excess of the carrying value over the fair value of the asset.

**Allowance for losses on customer financing receivables** We record the estimated allowance for potential losses on customer financing receivables in a valuation account. The four primary factors influencing the level of our allowance for losses on customer financing receivables are collateral values, internal customer credit ratings, default rates and expected loss rate.

We review the adequacy of the allowance for losses by assessing the collateral exposure, the applicable default rate and expected loss rate. Collateral exposure for a particular receivable is the excess of the carrying value of the receivable over the fair value of the related collateral. A receivable with an estimated fair value in excess of the carrying value is considered to have no collateral exposure. The applicable default rate is determined using two components: internal customer credit ratings and weighted average remaining contract term. 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. We apply an expected loss rate, based on publicly available information, to the applicable default rate.

We have entered into agreements with certain customers that would entitle us to look beyond the specific collateral underlying the receivable for purposes of determining the collateral exposure as described above. Should the proceeds from the sale of the underlying collateral asset resulting from a default condition be insufficient to cover the carrying value of our receivable (creating a shortfall condition), these agreements would, for example, permit us to take the actions necessary to sell or retain certain other assets in which the customer has an equity interest and use the proceeds to cover the shortfall.

Each quarter we review the assigned internal customer credit ratings, published historical credit default rates for different rating categories and multiple third-party aircraft value publications as a basis to validate the reasonableness of the allowance for losses on customer financing receivables. There can be no assurance that actual results will not differ from estimates or that the consideration of these factors in the future will not result in an increase or decrease to the allowance for losses on customer financing receivables.

## **Warranties**

In conjunction with certain product sales, we provide warranties that cover factors such as non-conformance to specifications and defects in material and design. The majority of our warranties are issued by our BCA segment. Generally, aircraft sales are accompanied by a 3 to 4-year standard warranty for systems, accessories, equipment, parts, and software manufactured by us or manufactured to certain standards under our authorization. These warranties are included in the programs' estimate at completion. On occasion we have made commitments beyond the standard warranty obligation to correct fleet-wide major issues of a particular model, resulting in additional accrued warranty expense. Warranties issued by our BDS segment principally relate to sales of military aircraft and weapons systems. These sales are generally accompanied by a six month to two-year warranty period and cover systems, accessories, equipment, parts and software manufactured by us to certain contractual specifications. Estimated costs related to standard warranties are recorded in the period in which the related product delivery occurs. The warranty liability recorded at each balance sheet date reflects the estimated number of months of warranty coverage outstanding for products delivered times the average of historical monthly warranty payments, as well as additional amounts for

certain major warranty issues that exceed a normal claims level. Estimated costs of these additional warranty issues are considered changes to the initial liability estimate.

We provide guarantees to certain commercial airplane customers which include compensation provisions for failure to meet specified aircraft performance targets. We account for these performance guarantees as warranties. The estimated liability for these warranties is based on known and anticipated operational characteristics and forecasted customer operation of the aircraft relative to contractually specified performance targets, and anticipated settlements when contractual remedies are not specified. Estimated payments are recorded as a reduction of revenue at delivery of the related aircraft. We have agreements that require certain suppliers to compensate us for amounts paid to customers for failure of supplied equipment to meet specified performance targets. Claims against suppliers under these agreements are included in Inventories and recorded as a reduction in Cost of products at delivery of the related aircraft. These performance warranties and claims against suppliers are included in the programs' estimate at completion.

### Supplier Penalties

We record an accrual for supplier penalties when an event occurs that makes it probable that a supplier penalty will be incurred and the amount is reasonably estimable. Until an event occurs, we fully anticipate accepting all products procured under production-related contracts.

### Guarantees

We record a liability in Accrued liabilities for the fair value of guarantees. For credit guarantees, the liability is equal to the present value of the expected loss. We determine the expected loss by multiplying the creditor's default rate by the guarantee amount reduced by the expected recovery, if applicable. At inception of a guarantee, and adjusted each quarter, we also recognize a liability for the expected contingent loss.

### Note 2 – Goodwill and Acquired Intangibles

Changes in the carrying amount of goodwill for the years ended December 31, 2021 and 2020 were as follows:

	Commercial Airplanes	Defense, Space & Security	Global Services	Other	Total
Balance at December 31, 2019	\$1,313	\$3,219	\$3,441	\$87	\$8,060
Goodwill adjustments	3	5	13		21
Balance at December 31, 2020	\$1,316	\$3,224	\$3,454	\$87	\$8,081
Goodwill adjustments			(11)	(2)	(13)
Balance at December 31, 2021	\$1,316	\$3,224	\$3,443	\$85	\$8,068

As of December 31, 2021 and 2020, we had indefinite-lived intangible assets with carrying amounts of \$197 relating to trade names. During 2019, we recorded an impairment of \$293 within Cost of Sales, as a result of our decision to retire the Aviall brand and trade name. As of December 31, 2021 and 2020, we had an indefinite-lived intangible asset with a carrying amount of \$202 related to in process research and development for a next-generation air vehicle.

The gross carrying amounts and accumulated amortization of our acquired finite-lived intangible assets were as follows at December 31:

	2021		2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Distribution rights	\$2,554	\$1,321	\$2,812	\$1,427
Product know-how	553	413	553	384
Customer base	1,360	721	1,373	672
Developed technology	626	526	626	502
Other	301	250	303	238
Total	\$5,394	\$3,231	\$5,667	\$3,223

During 2020, we recorded impairments of \$178 within Cost of Sales related to our distribution rights, primarily driven by airlines' decisions to retire certain aircraft. Amortization expense for acquired finite-lived intangible assets for the years ended December 31, 2021 and 2020 was \$284 and \$317. Estimated amortization expense for the five succeeding years is as follows:

	2022	2023	2024	2025	2026
Estimated amortization expense	\$245	\$236	\$221	\$195	\$192

### Note 3 – 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:

*(In millions - except per share amounts)*

Years ended December 31,	2021	2020	2019
Net loss attributable to Boeing Shareholders	<b>(\$4,202)</b>	(\$11,873)	(\$636)
Less: earnings available to participating securities			
Net loss available to common shareholders	<b>(\$4,202)</b>	(\$11,873)	(\$636)
<b>Basic</b>			
Basic weighted average shares outstanding	<b>588.0</b>	569.0	566.0
Less: participating securities <sup>(2)</sup>	<b>0.4</b>	0.4	0.6
Basic weighted average common shares outstanding	<b>587.6</b>	568.6	565.4
<b>Diluted</b>			
Basic weighted average shares outstanding	<b>588.0</b>	569.0	566.0
Dilutive potential common shares <sup>(1)</sup>			
Diluted weighted average shares outstanding	<b>588.0</b>	569.0	566.0
Less: participating securities <sup>(2)</sup>	<b>0.4</b>	0.4	0.6
Diluted weighted average common shares outstanding	<b>587.6</b>	568.6	565.4
<b>Net loss per share:</b>			
Basic	<b>(\$7.15)</b>	(\$20.88)	(\$1.12)
Diluted	<b>(7.15)</b>	(20.88)	(1.12)

<sup>(1)</sup> Diluted loss per share includes any dilutive impact of stock options, restricted stock units, performance-based restricted stock units and performance awards.

<sup>(2)</sup> Participating securities include certain instruments in our deferred compensation plan.

As a result of incurring a net loss for the years ended December 31, 2021, 2020 and 2019, potential common shares of 2.6 million, 1.6 million and 4.1 million, respectively, 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 per share because the effect was either antidilutive or the performance condition was not met.

*(Shares in millions)*

Years ended December 31,	2021	2020	2019
Performance awards	<b>2.9</b>	5.7	2.8
Performance-based restricted stock units	<b>0.8</b>	1.3	0.6
Restricted stock units	<b>0.4</b>	1.0	
Stock options	<b>0.3</b>		

**Note 4 – Income Taxes**

The components of Loss before income taxes were:

Years ended December 31,	2021	2020	2019
U.S.	<b>(\$5,475)</b>	(\$14,882)	(\$2,792)
Non-U.S.	<b>442</b>	406	533
<b>Total</b>	<b>(\$5,033)</b>	(\$14,476)	(\$2,259)

Income tax benefit consisted of the following:

Years ended December 31,	2021	2020	2019
<b>Current tax (benefit)/expense</b>			
U.S. federal	<b>(\$89)</b>	(\$3,968)	(\$308)
Non-U.S.	<b>147</b>	148	169
U.S. state	<b>42</b>	21	(161)
<b>Total current</b>	<b>100</b>	(3,799)	(300)
<b>Deferred tax (benefit)/expense</b>			
U.S. federal	<b>(855)</b>	652	(953)
Non-U.S.	<b>(12)</b>		(3)
U.S. state	<b>24</b>	612	(367)
<b>Total deferred</b>	<b>(843)</b>	1,264	(1,323)
<b>Total income tax (benefit)/expense</b>	<b>(\$743)</b>	(\$2,535)	(\$1,623)

Net income tax (refunds)/payments were (\$1,480), \$37 and \$837 in 2021, 2020 and 2019, respectively.

The following is a reconciliation of the U.S. federal statutory tax to actual income tax (benefit)/expense:

Years ended December 31,	2021		2020		2019	
	Amount	Rate	Amount	Rate	Amount	Rate
U.S. federal statutory tax	(\$1,057)	21.0 %	(\$3,039)	21.0 %	(\$474)	21.0 %
Valuation allowance	512	(10.2)	2,603	(18.0)	25	(1.1)
Research and development credits	(189)	3.8	(284)	2.0	(382)	16.9
State income tax provision, net of effects on U.S. federal tax	(94)	1.9	(168)	1.2	(45)	2.0
Tax on non-U.S. activities	47	(0.9)	7	(0.1)	20	(0.9)
Impact of CARES Act <sup>(1)</sup>	3	(0.1)	(1,175)	8.1		
Other provision adjustments	41	(0.9)	234	(1.7)	66	(3.0)
Excess tax benefits <sup>(2)</sup>	(6)	0.1	(82)	0.6	(180)	8.0
Audit settlements <sup>(3)</sup>			(587)	4.1	(371)	16.4
Foreign derived intangible income <sup>(4)</sup>			(31)	0.2	(229)	10.1
Tax deductible dividends			(13)	0.1	(53)	2.4
Income tax (benefit)/expense	(\$743)	14.7 %	(\$2,535)	17.5 %	(\$1,623)	71.8 %

<sup>(1)</sup> On March 27, 2020, the CARES Act was enacted, which includes a five year net operating loss (NOL) carryback provision which enabled us to benefit from the 2020 U.S. federal tax NOL at the former federal tax rate of 35%. In 2021 and 2020, we recorded tax expense of \$3 and tax benefits of \$1,175 related to the NOL carryback provision.

<sup>(2)</sup> In 2021, 2020 and 2019, we recorded excess tax benefits related to employee share-based payments of \$6, \$82 and \$180, respectively.

<sup>(3)</sup> In the fourth quarter of 2020, we recorded a tax benefit of \$587 related to the settlement of the 2015-2017 federal tax audit. In the fourth quarter of 2019, we recorded a tax benefit of \$371 related to the settlement of state tax audits spanning 15 tax years.

<sup>(4)</sup> In 2020 and 2019, we recorded tax benefits related to foreign derived intangible income of \$31 and \$229, respectively which effectively apply a lower U.S. tax rate to intangible income derived from serving non-U.S. markets.

Significant components of our deferred tax assets/(liabilities) at December 31 were as follows:

	2021	2020
Inventory and long-term contract methods of income recognition	<b>(\$3,827)</b>	<b>(\$4,313)</b>
Pension benefits	<b>1,739</b>	3,029
Fixed assets, intangibles and goodwill	<b>(1,657)</b>	(1,645)
Federal net operating loss, credit, interest and other carryovers <sup>(1)</sup>	<b>1,522</b>	317
Other employee benefits	<b>991</b>	957
State net operating loss, credit, interest and other carryovers <sup>(2)</sup>	<b>929</b>	777
Other postretirement benefit obligations	<b>913</b>	1,023
Accrued expenses and reserves	<b>763</b>	808
737 MAX customer concessions and other considerations	<b>682</b>	1,253
Other	<b>227</b>	(36)
Gross deferred tax assets/(liabilities) before valuation allowance	<b>\$2,282</b>	<b>\$2,170</b>
Valuation allowance	<b>(2,423)</b>	(3,094)
Net deferred tax assets/(liabilities) after valuation allowance	<b>(\$141)</b>	<b>(\$924)</b>

(1) Of the deferred tax asset for federal net operating loss, credit, interest and other carryovers, \$536 expires on or before December 31, 2041 and \$986 may be carried over indefinitely.

(2) Of the deferred tax asset for state net operating loss, credit, interest and other carryovers, \$453 expires on or before December 31, 2041 and \$476 may be carried over indefinitely.

Net deferred tax assets/(liabilities) at December 31 were as follows:

	2021	2020
Deferred tax assets	<b>\$11,258</b>	\$11,600
Deferred tax liabilities	<b>(8,976)</b>	(9,430)
Valuation allowance	<b>(2,423)</b>	(3,094)
Net deferred tax assets/(liabilities)	<b>(\$141)</b>	<b>(\$924)</b>

The Company's deferred income tax assets of \$11,258 can be used in future years to offset taxable income and reduce income taxes payable. The Company's deferred income tax liabilities of \$8,976 will partially offset deferred income tax assets and result in higher taxable income in future years and increase income taxes payable. Tax law determines whether future reversals of temporary differences will result in taxable and deductible amounts that offset each other in future years. The particular years in which temporary differences result in taxable or deductible amounts generally are determined by the timing of the recovery of the related asset or settlement of the related liability. The deferred income tax assets and liabilities relate primarily to U.S. federal and state tax jurisdictions. From a U.S. federal tax perspective, the Company generated a tax NOL in 2020 that was carried back to prior years when the tax rate was 35% due to the CARES Act benefit as described above. The Company generated tax NOL and interest carryovers in 2021 that can be carried forward indefinitely and federal research and development credits that can be carried forward 20 years.

In the fourth quarter of 2020 and throughout 2021, the Company was in a three-year cumulative pre-tax loss position. We also normalized earnings and other comprehensive income (OCI) for certain non-recurring items and reached a normalized three-year cumulative loss position in 2021. Adjustments to normalize earnings included non-recurring items for certain 737 MAX expenses, an agreement with the Department of Justice, severance costs and remeasurement gains and losses from the annual

remeasurement of pension and other postretirement benefit obligations. For purposes of assessing the recoverability of deferred tax assets, the Company determined that it could not include future projected earnings in the analysis due to recent history of losses.

As of December 31, 2021 and 2020, the Company has recorded valuation allowances of \$2,423 and \$3,094 primarily for certain federal deferred tax assets, as well as for certain federal and state net operating loss and tax credit carryforwards. To measure the valuation allowance, the Company estimated in what year each of its deferred tax assets and liabilities would reverse using systematic and logical methods to estimate the reversal patterns. Based on these methods, deferred tax liabilities are assumed to reverse and generate taxable income over the next 5 to 10 years while deferred tax assets related to pension and other postretirement benefit obligations are assumed to reverse and generate tax deductions over the next 15 to 20 years. The valuation allowance primarily results from not having sufficient income from deferred tax liability reversals in the appropriate future periods to support the realization of deferred tax assets.

During 2021, the Company decreased the valuation allowance by \$671. This reflects a tax benefit of \$1,206 included in OCI primarily due to the net actuarial gains that resulted from the annual remeasurement of pension assets and liabilities. This was partially offset by tax expense of \$512 recorded in continuing operations and an increase of \$23 related to the associated federal benefit of state impacts.

Until the Company generates sustained levels of profitability, additional valuation allowances may have to be recorded with corresponding adverse impacts on earnings and/or OCI.

The Tax Cuts and Jobs Act (TCJA) one-time repatriation tax and Global Intangible Low Tax Income liabilities effectively taxed the undistributed earnings previously deferred from U.S. income taxes. We have not provided for deferred income taxes on the undistributed earnings from certain non-U.S. subsidiaries because such earnings are considered to be indefinitely reinvested. If such earnings were to be distributed, any deferred income taxes would not be significant.

As of December 31, 2021 and 2020, the amounts accrued for the payment of income tax-related interest and penalties included in the Consolidated Statements of Financial Position were not significant. The amounts of interest included in the Consolidated Statements of Operations were not significant for the years ended December 31, 2021, 2020 and 2019.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2021	2020	2019
Unrecognized tax benefits – January 1	<b>\$966</b>	\$1,476	\$2,412
Gross increases – tax positions in prior periods	<b>64</b>	44	100
Gross decreases – tax positions in prior periods	<b>(245)</b>	(581)	(1,418)
Gross increases – current period tax positions	<b>73</b>	136	344
Gross decreases – current period tax positions			(1)
Settlements		(109)	39
Statute Lapse			
Unrecognized tax benefits – December 31	<b>\$858</b>	\$966	\$1,476

As of December 31, 2021, 2020 and 2019, the total amount of unrecognized tax benefits include \$790, \$734 and \$1,287, respectively, that would affect the effective tax rate, if recognized. As of December 31, 2021, these amounts are primarily associated with the amount of research tax credits claimed and various other matters.

Federal income tax audits have been settled for all years prior to 2018. The Internal Revenue Service (IRS) began the 2018-2019 federal tax audit in the first quarter of 2021 and recently added tax year 2020 to the audit. We are also subject to examination in major state and international jurisdictions for the 2008-2020 tax years. We believe appropriate provisions for all outstanding tax issues have been made for all jurisdictions and all open years.

#### Note 5 – Accounts Receivable, net

Accounts receivable at December 31 consisted of the following:

	2021	2020
U.S. government contracts <sup>(1)</sup>	\$1,180	\$811
Commercial Airplanes	279	17
Global Services <sup>(2)</sup>	1,456	1,437
Defense, Space, & Security <sup>(2)</sup>	111	120
Other	5	14
Less valuation allowance	(390)	(444)
<b>Total</b>	<b>\$2,641</b>	<b>\$1,955</b>

<sup>(1)</sup> Includes foreign military sales through the U.S. government

<sup>(2)</sup> Excludes U.S. government contracts

#### Note 6 – Allowances for Losses on Financial Assets

The change in allowances for expected credit losses for the years ended December 31, 2021 and 2020 consisted of the following:

	Accounts receivable	Unbilled receivables	Other Current Assets	Customer financing	Other Assets	Total
Balance at January 1, 2020	(\$138)	(\$81)	(\$38)	(\$5)	(\$75)	(\$337)
Changes in estimates	(314)	(48)	(34)	(12)	(66)	(474)
Write-offs	8					8
Recoveries					1	1
Balance at December 31, 2020	(444)	(129)	(72)	(17)	(140)	(802)
Balance at January 1, 2021	(444)	(129)	(72)	(17)	(140)	(802)
Changes in estimates	(24)	(11)	6	(1)	(59)	(89)
Write-offs	77	49	4		13	143
Recoveries	1					1
Balance at December 31, 2021	(\$390)	(\$91)	(\$62)	(\$18)	(\$186)	(\$747)

**Note 7 – Inventories**

Inventories at December 31 consisted of the following:

	2021	2020
Long-term contracts in progress	\$872	\$823
Commercial aircraft programs	68,106	70,153
Commercial spare parts, used aircraft, general stock materials and other	9,845	10,739
Total	\$78,823	\$81,715

Commercial spare parts, used aircraft, general stock materials and other includes capitalized precontract costs of \$648 at December 31, 2021 and \$733 at December 31, 2020 primarily related to KC-46A Tanker and Commercial Crew. See Note 13.

**Commercial Aircraft Programs**

The decrease in commercial aircraft programs inventory during 2021 reflects lower 737 MAX inventory due to resumption of deliveries and a reach-forward loss on the 787 program. These decreases were partially offset by a continued buildup of 787 aircraft, as well as growth in 777X inventory. Commercial aircraft programs inventory includes approximately 335 737 MAX aircraft and 110 787 aircraft at December 31, 2021 as compared with 425 737 MAX aircraft and 80 787 aircraft at December 31, 2020.

A number of customers have requested to defer deliveries or to cancel orders. We are currently remarketing certain aircraft and may have to remarket additional aircraft in future periods. If we are unable to successfully remarket the aircraft, determine further production rate reductions are necessary, and/or contract the program accounting quantities, future earnings may be reduced and/or additional reach-forward losses may have to be recorded.

At December 31, 2021 and 2020, commercial aircraft programs inventory included the following amounts related to the 737 program: deferred production costs of \$1,296 and \$2,159 and unamortized tooling and other non-recurring costs of \$617 and \$480. At December 31, 2021, \$1,906 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 \$7 is expected to be recovered from units included in the program accounting quantity that represent expected future orders.

At December 31, 2021 and 2020, commercial aircraft programs inventory included the following amounts related to the 777X program: \$3,363 and \$1,727 of work in process and \$3,521 and \$3,295 of unamortized tooling and other non-recurring costs.

During the fourth quarter of 2020, we determined that estimated costs to complete the 777X program plus costs already included in 777X inventory exceed estimated revenues from the program. The resulting reach-forward loss of \$6,493 was recorded as a reduction to deferred production costs. As a result, 777X deferred production costs were immaterial at December 31, 2020 and remain immaterial at December 31, 2021. The level of profitability on the 777X program will be subject to a number of factors. These factors include continued market uncertainty, the impacts of COVID-19 on our production system as well as impacts on our supply chain and customers, further production rate adjustments for the 777X or other commercial aircraft programs, any contraction of the accounting quantity and potential risks associated with the testing program and the timing of aircraft certification. One or more of these factors could result in additional reach-forward losses on the 777X program in future periods.

During the fourth quarter of 2021, we determined that estimated costs to complete the 787 program plus costs already included in 787 inventory exceed estimated revenues from the program. The resulting reach-forward loss of \$3,460 was recorded as a reduction to deferred production costs. At

December 31, 2021 and 2020, commercial aircraft programs inventory included the following amounts related to the 787 program: deferred production costs of \$11,693 and \$14,976, \$1,907 and \$1,865 of supplier advances, and \$1,815 and \$1,863 of unamortized tooling and other non-recurring costs. At December 31, 2021, \$9,024 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 \$4,484 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 \$3,290 and \$2,992 at December 31, 2021 and 2020.

#### Note 8 – Contracts with Customers

Unbilled receivables increased from \$7,995 at December 31, 2020 to \$8,620 at December 31, 2021, primarily driven by revenue recognized at BDS and BGS in excess of billings.

Advances and progress billings increased from \$50,488 at December 31, 2020 to \$52,980 at December 31, 2021, primarily driven by advances on orders received at BDS, BCA and BGS, partially offset by revenue recognized and the return of customer advances at BCA.

Revenues recognized for the years ended December 31, 2021 and 2020 from amounts recorded as Advances and progress billings at the beginning of each year were \$11,336 and \$10,360.

The following table summarizes our contract assets under long-term contracts that were unbillable or related to outstanding claims as of December 31:

	Unbilled		Claims	
	2021	2020	2021	2020
Current	<b>\$5,870</b>	\$5,628	<b>\$4</b>	
Expected to be collected after one year	<b>2,841</b>	2,496	<b>11</b>	\$18
Less valuation allowance	<b>(91)</b>	(129)		
Total	<b>\$8,620</b>	\$7,995	<b>\$15</b>	\$18

Unbilled receivables related to commercial customer incentives expected to be collected after one year were \$131 and \$178 at December 31, 2021 and 2020. Unbilled receivables related to claims are items that we believe are earned, but are subject to uncertainty concerning their determination or ultimate realization.

## Note 9 – Customer Financing

Customer financing primarily relates to our BCC segment. Financing 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.

Customer financing consisted of the following at December 31:

	2021	2020
Financing receivables:		
Investment in sales-type/finance leases	\$944	\$919
Notes	412	420
Total financing receivables	1,356	1,339
Less allowance for losses on receivables	(18)	(17)
Financing receivables, net	1,338	1,322
Operating lease equipment, at cost, less accumulated depreciation of \$58 and \$209	474	715
Total	\$1,812	\$2,037

The components of investment in sales-type/finance leases at December 31 were as follows:

	2021	2020
Minimum lease payments receivable	\$1,099	\$756
Estimated residual value of leased assets	110	299
Unearned income	(265)	(136)
Total	\$944	\$919

At December 31, 2021 and 2020, \$378 and \$380 were determined to be uncollectible financing receivables and placed on non-accrual status. We recorded no allowance for losses on these uncollectible financing receivables as the collateral values exceeded the carrying values of the receivables. Customer financing interest income received for the years ended December 31, 2021 and 2020 was \$18 and \$34.

There were no past due customer financing receivables as of December 31, 2021.

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

Rating categories	Current	2020	2019	2018	2017	Prior	Total
BBB						<b>\$108</b>	\$108
BB	<b>\$235</b>	<b>\$120</b>	<b>\$42</b>	<b>\$13</b>		<b>126</b>	536
B	<b>76</b>				<b>\$49</b>	<b>142</b>	267
CCC		<b>7</b>	<b>26</b>		<b>235</b>	<b>177</b>	445
Total carrying value of financing receivables	\$311	\$127	\$68	\$13	\$284	\$553	\$1,356

At December 31, 2021, our allowance for losses related to receivables with ratings of CCC, B, BB and BBB. We applied default rates that averaged 24.2%, 5.5%, 2.6% and 0.2%, respectively, to the exposure associated with those receivables.

### Customer Financing Exposure

The majority of our customer financing portfolio is concentrated in the following aircraft models at December 31:

	2021	2020
717 Aircraft (\$62 and \$98 accounted for as operating leases)	<b>\$603</b>	\$637
747-8 Aircraft (\$0 and \$121 accounted for as operating leases)	<b>435</b>	480
737 Aircraft (\$145 and \$214 accounted for as operating leases)	<b>163</b>	235
777 Aircraft (\$225 and \$216 accounted for as operating leases)	<b>233</b>	225
MD-80 Aircraft (Accounted for as sales-type finance leases)	<b>142</b>	167
757 Aircraft (\$0 and \$4 accounted for as operating leases)	<b>126</b>	147
747-400 Aircraft (\$1 and \$19 accounted for as operating leases)	<b>50</b>	71

Operating lease equipment primarily includes large commercial jet aircraft.

Impairment charges related to customer financing operating lease assets for the years ended December 31 were as follows:

	2021	2020	2019
Boeing Capital	<b>\$23</b>	\$32	\$53
Other Boeing	<b>8</b>	(8)	217
Total	<b>\$31</b>	\$24	\$270

Lease income recorded in Revenue on the Consolidated Statements of Operations for the years ended December 31, 2021 and 2020 included \$54 and \$57 from sales-type/finance leases, and \$68 and \$118 from operating leases. Profit at the commencement of sales-type leases was recorded in revenue for the years ended December 31, 2021 and 2020 in the amount of \$78 and \$26.

As of December 31, 2021, undiscounted cash flows for notes receivable, sales-type/finance and operating leases over the next five years and thereafter are as follows:

	Notes receivable	Sales-type/finance leases	Operating leases
Year 1	\$194	\$201	\$66
Year 2	34	180	55
Year 3	18	171	39
Year 4	19	141	18
Year 5	21	127	15
Thereafter	126	279	37
Total financing receipts	412	1,099	230
Less imputed interest		(265)	
Estimated unguaranteed residual values		110	
Total	\$412	\$944	\$230

At December 31, 2021 and December 31, 2020, unguaranteed residual values were \$110 and \$299. Guaranteed residual values at December 31, 2021 were not significant.

#### Note 10 – Property, Plant and Equipment

Property, plant and equipment at December 31 consisted of the following:

	2021	2020
Land	\$377	\$512
Buildings and land improvements	14,152	14,415
Machinery and equipment	15,692	16,060
Construction in progress	1,235	1,340
Gross property, plant and equipment	31,456	32,327
Less accumulated depreciation	(20,538)	(20,507)
Total	\$10,918	\$11,820

Depreciation expense was \$1,488, \$1,533 and \$1,567 for the years ended December 31, 2021, 2020 and 2019, respectively. Interest capitalized during the years ended December 31, 2021, 2020 and 2019 totaled \$76, \$81 and \$83, respectively.

During 2021 and 2020, we acquired \$46 and \$47 of property, plant and equipment through non-cash investing and financing transactions. Accounts payable related to purchases of property, plant and equipment were \$295 and \$182 for the years ended December 31, 2021 and 2020.

## Note 11 – Investments

Our investments, which are recorded in Short-term and other investments or Investments, consisted of the following at December 31:

	2021	2020
Equity method investments <sup>(1)</sup>	\$930	\$936
Time deposits	7,676	17,154
Available for sale debt instruments	464	596
Equity and other investments	45	85
Restricted cash & cash equivalents <sup>(2)</sup>	52	83
Total	\$9,167	\$18,854

(1) Dividends received were \$77 and \$149 during 2021 and 2020. Retained earnings at December 31, 2021 include undistributed earnings from our equity method investments of \$136. During the third quarter of 2021, Boeing and AE Industrial Partners announced a strategic partnership to establish a dedicated aerospace venture fund. This transaction resulted in the deconsolidation of HorizonX and generated a gain of \$117 which is included in Income from operating investments, net.

(2) Reflects amounts restricted in support of our property sales, workers' compensation 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 December 31, 2021.

## Equity Method Investments

Our equity method investments consisted of the following as of December 31:

	Segment	Ownership Percentages	Investment Balance	
			2021	2020
United Launch Alliance	BDS	50%	\$617	\$735
Other	BCA, BDS, BGS and Other		313	201
Total equity method investments			\$930	\$936

## Note 12 – Leases

Our operating lease assets primarily represent manufacturing and research and development facilities, warehouses and offices. Total operating lease expense was \$380 and \$360 for the years ended December 31, 2021 and 2020, of which \$73 and \$71 was attributable to variable lease expenses.

For the years ended December 31, 2021 and 2020, cash payments against operating lease liabilities totaled \$301 and \$299 and non-cash transactions totaled \$443 and \$371 to recognize operating assets and liabilities for new leases.

Supplemental Consolidated Statement of Financial Position information related to leases consisted of the following at December 31:

	2021	2020
Operating leases:		
Operating lease right-of-use assets	\$1,437	\$1,252
Current portion of lease liabilities	268	268
Non-current portion of lease liabilities	1,271	1,084
Total operating lease liabilities	\$1,539	\$1,352
Weighted average remaining lease term (years)	13	9
Weighted average discount rate	3.82%	3.43%

Maturities of operating lease liabilities for the next five years are as follows:

	Operating leases
2022	\$301
2023	253
2024	190
2025	154
2026	134
Thereafter	1,083
Total lease payments	2,115
Less imputed interest	(576)
Total	\$1,539

As of December 31, 2021, we have entered into leases that have not yet commenced of \$265, for a maintenance, repair and overhaul hangar and a paint hangar that will support military aircraft programs. These leases will commence between 2022 and 2023 with lease terms of 7 years to 25 years.

**Note 13 – Liabilities, Commitments and Contingencies****Accrued Liabilities**

Accrued liabilities at December 31 consisted of the following:

	2021	2020
Accrued compensation and employee benefit costs	<b>\$6,573</b>	\$7,121
737 MAX customer concessions and other considerations	<b>2,940</b>	5,537
Department of Justice agreement liability		744
Environmental	<b>605</b>	565
Product warranties	<b>1,900</b>	1,527
Forward loss recognition	<b>2,014</b>	1,913
Income taxes payable	<b>5</b>	43
Current portion of lease liabilities	<b>268</b>	268
Other	<b>4,150</b>	4,453
<b>Total</b>	<b>\$18,455</b>	\$22,171

**737 MAX Grounding**

In 2019, following two fatal 737 MAX accidents, the Federal Aviation Administration (FAA) and non-U.S. civil aviation authorities issued orders suspending commercial operations of 737 MAX aircraft. Deliveries of the 737 MAX were suspended following these orders. Deliveries in the U.S. resumed in late 2020 following rescission by the FAA of its grounding order. In addition, several other non-U.S. civil aviation authorities, including the Brazilian National Civil Aviation Agency, Transport Canada, and the European Union Aviation Safety Agency have subsequently approved return of operations, allowing us to resume deliveries in those jurisdictions. The Civil Aviation Administration of China issued an airworthiness directive in the fourth quarter of 2021 outlining actions required for airlines to return to service. We expect 737 MAX deliveries to China to resume in 2022, subject to final regulatory approvals, although risk remains around the timing and rate of those deliveries. Over 185 countries have approved the resumption of 737 MAX operations. The 737 MAX remains grounded in a small number of non-U.S. jurisdictions.

We have gradually increased production rates in 2020 and 2021 and continue to expect to increase the production rate to 31 per month by early 2022, as well as implement further gradual production rate increases in subsequent periods based on market demand and supply chain capacity.

We produced at abnormally low production rates in 2020 and 2021 and expensed abnormal production costs of \$1,887 and \$2,567 during the years ended December 31, 2021 and 2020. We do not expect the remaining abnormal costs related to the 737 MAX to be significant and expect most of the remainder to be incurred in early 2022.

In 2021, we delivered 245 aircraft. We have approximately 335 airplanes in inventory as of December 31, 2021 and we anticipate delivering most of these aircraft by the end of 2023. We continue to work with customers who have requested to defer deliveries or to cancel orders for 737 MAX aircraft, and we are remarketing and/or delaying deliveries of certain aircraft included within inventory. In the event that we are unable to resume aircraft deliveries in China and/or ramp up deliveries consistent with our assumptions, our expectation of delivery timing and our expectation regarding future gradual production rate increases could be impacted.

We have also recorded additional expenses of \$175, \$416, and \$328 due to the 737 MAX grounding during 2021, 2020, and 2019, respectively. The expenses include costs related to storage, inventory impairment, pilot training, and software updates.

The following table summarizes changes in the 737 MAX customer concessions and other considerations liability during 2021 and 2020.

	2021	2020
Beginning balance – January 1	\$5,537	\$7,389
Reductions for payments made	(2,535)	(2,188)
Reductions for concessions and other in-kind considerations	(48)	(162)
Changes in estimates	(14)	498
Ending balance – December 31	\$2,940	\$5,537

The liability balance of \$2.9 billion at December 31, 2021 includes \$2.2 billion of contracted customer concessions and other liabilities and \$0.7 billion that remains subject to negotiation with customers. The contracted amount includes \$1.0 billion expected to be liquidated by lower customer delivery payments, \$1.0 billion expected to be paid in cash and \$0.2 billion in other concessions. Of the cash payments to customers, we expect to pay \$0.8 billion in 2022. The type of consideration to be provided for the remaining \$0.7 billion will depend on the outcomes of negotiations with customers.

## Environmental

The following table summarizes environmental remediation activity during the years ended December 31, 2021 and 2020.

	2021	2020
Beginning balance – January 1	\$565	\$570
Reductions for payments made	(59)	(42)
Changes in estimates	99	37
Ending balance – December 31	\$605	\$565

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 December 31, 2021 and 2020, the high end of the estimated range of reasonably possible remediation costs exceeded our recorded liabilities by \$1,094 and 1,095.

**Product Warranties**

The following table summarizes product warranty activity recorded during the years ended December 31, 2021 and 2020.

	2021	2020
Beginning balance – January 1	\$1,527	\$1,267
Additions for current year deliveries	116	65
Reductions for payments made	(241)	(260)
Changes in estimates	498	455
Ending balance – December 31	\$1,900	\$1,527

The increase in the product warranty reserve during the year ended December 31, 2020 is primarily driven by charges related to “pickle forks” on 737NG aircraft. 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. In 2019, we estimated the number of aircraft that would have to be repaired in the future and provisioned for the estimated costs of completing the repairs. During the first quarter of 2020, we recognized 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 December 31, 2021 have expiration dates from 2022 through 2028. At December 31, 2021 and 2020, total contractual trade-in commitments were \$612 and \$950. As of December 31, 2021 and 2020, we estimated that it was probable we would be obligated to perform on certain of these commitments with net amounts payable to customers totaling \$283 and \$599, and the fair value of the related trade-in aircraft was \$283 and \$580.

**Financing Commitments**

Financing commitments related to aircraft on order, including options and those proposed in sales campaigns, and refinancing of delivered aircraft, totaled \$12,905 and \$11,512 as of December 31, 2021 and 2020. The estimated earliest potential funding dates for these commitments as of December 31, 2021 are as follows:

	Total
2022	\$2,034
2023	3,604
2024	2,490
2025	2,105
2026	799
Thereafter	1,873
	<b>\$12,905</b>

As of December 31, 2021, 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 \$248 to joint ventures over the next six 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 \$3,634 and \$4,238 as of December 31, 2021 and 2020.

**Company Owned Life Insurance**

McDonnell Douglas Corporation insured its executives with Company Owned Life Insurance (COLI), which are life insurance policies with a cash surrender value. Although we do not use COLI currently, these obligations from the merger with McDonnell Douglas are still a commitment at this time. We have loans in place to cover costs paid or incurred to carry the underlying life insurance policies. As of December 31, 2021 and 2020, the cash surrender value was \$374 and \$395 and the total loans were \$360 and \$382. As we have the right to offset the loans against the cash surrender value of the policies, we present the net asset in Other assets on the Consolidated Statements of Financial Position as of December 31, 2021 and 2020.

**BDS Fixed-Price Development Contracts**

We have recorded earnings charges for losses on a number of 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. The operational and technical complexities of these contracts create financial risk, which could trigger additional earnings charges, termination provisions, order cancellations or other financially significant exposure.

**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 seven low rate initial production (LRIP) lots for a total of 94 aircraft. The EMD contract and authorized LRIP lots are valued at approximately \$19 billion as of December 31, 2021.

At December 31, 2021, we had approximately \$243 of capitalized precontract costs and \$409 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.

**Severance**

The following table summarizes changes in the severance liability during 2021 and 2020:

	2021	2020
Beginning balance – January 1	<b>\$283</b>	
Initial liability recorded in the second quarter of 2020		\$652
Reductions for payments made	<b>(90)</b>	(658)
Changes in estimates	<b>(182)</b>	289
Ending balance – December 31	<b>\$11</b>	\$283

During 2020, the Company recorded severance costs for approximately 26,000 employees expected to leave the Company through a combination of voluntary and involuntary terminations. The severance packages are consistent with the Company's ongoing compensation and benefits plans. During the first quarter of 2021, we reduced the estimated number of employees expected to leave the Company through voluntary and involuntary terminations to approximately 23,000. During the second quarter of 2021, we further reduced the estimated number of employees expected to leave the company through voluntary and involuntary terminations to approximately 19,000. As of December 31, 2021, our severance liability primarily relates to remaining severance payments to terminated employees.

# **Note 14 – 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	
December 31,	2021	2020	2021	2020	2021	2020
Contingent repurchase commitments	\$548	\$1,452	\$548	\$1,452		
Credit guarantees	90	90	28	28	\$24	\$24

**Contingent Repurchase Commitments** The commercial aircraft 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.

**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 and are collateralized by certain assets. Current outstanding credit guarantees expire through 2036.

**Industrial Revenue Bonds** Industrial Revenue Bonds (IRB) issued by St. Louis County were used to finance the purchase and/or construction of real and personal property at our St. Louis site. Tax benefits associated with IRBs include a twelve-year property tax abatement and sales tax exemption from St. Louis County. We record these properties on our Consolidated Statements of Financial Position. We have also purchased the IRBs and therefore are the bondholders as well as the borrower/lessee of the properties purchased with the IRB proceeds. The liabilities and IRB assets are equal and are reported net in the Consolidated Statements of Financial Position. As of December 31, 2021 and 2020, the assets and liabilities associated with the IRBs were \$271.

**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 13.

**Note 15 – Debt**

In the first quarter of 2021, we issued \$9,825 of fixed rate senior notes consisting of \$1,325 due February 4, 2023 that bear an annual interest rate of 1.167%, \$3,000 due February 4, 2024 that bear an annual interest rate of 1.433%, and \$5,500 due February 4, 2026 that bear an annual interest rate of 2.196%. The notes are unsecured senior obligations and rank equally in right of payment with our existing and future unsecured and unsubordinated indebtedness. The net proceeds of the issuance totaled \$9,780, after deducting underwriting discounts, commissions and offering expenses. We used the net proceeds of these note issuances to repay \$9,825 outstanding under our two-year delayed draw term loan credit agreement in the first quarter of 2021, and we repaid the remaining \$4,000 in the fourth quarter of 2021.

Interest incurred, including amounts capitalized, was \$2,790, \$2,280 and \$867 for the years ended December 31, 2021, 2020 and 2019, respectively. Interest expense recorded by BCC is reflected as Boeing Capital interest expense on our Consolidated Statements of Operations. Total Company interest payments were \$2,583, \$1,925 and \$973 for the years ended December 31, 2021, 2020 and 2019, respectively.

In the first quarter of 2021, we entered into a \$5,280 two-year revolving credit agreement. As of December 31, 2021, we had \$14,740 currently available under credit line agreements, of which \$3,060 is a 364-day revolving credit facility expiring in October 2022, \$3,200 expires in October 2022, \$5,280 expires in March 2023 and \$3,200 expires in October 2024. The 364-day credit facility has a one-year term out option which allows us to extend the maturity of any borrowings one year beyond the aforementioned expiration date. We continue to be in full compliance with all covenants contained in our debt or credit facility agreements.

Short-term debt and current portion of long-term debt at December 31 consisted of the following:

	2021	2020
Unsecured debt	\$1,155	\$1,448
Finance lease obligations	61	65
Other notes	80	180
Total	\$1,296	\$1,693

Debt at December 31 consisted of the following:

	2021	2020
<b>Unsecured debt</b>		
Variable rate: Eurodollar plus 0.75% - 1.25% due 2022		\$13,819
1.17% - 2.50% due through 2026	\$12,404	3,656
2.60% - 3.20% due through 2030	7,001	6,989
3.25% - 3.90% due through 2059	9,570	9,555
3.95% - 5.15% due through 2059	13,993	13,917
5.71% - 6.63% due through 2060	13,008	13,005
6.88% - 8.75% due through 2043	1,853	2,252
<b>Other debt and notes</b>		
Finance lease obligations due through 2044	180	203
Other notes	93	187
<b>Total debt</b>	<b>\$58,102</b>	<b>\$63,583</b>

Total debt at December 31 is attributable to:

	2021	2020
BCC	\$1,525	\$1,640
Other Boeing	56,577	61,943
<b>Total debt</b>	<b>\$58,102</b>	<b>\$63,583</b>

Scheduled principal payments for debt and minimum finance lease obligations for the next five years are as follows:

	2022	2023	2024	2025	2026
Debt	\$1,236	\$5,101	\$5,066	\$4,302	\$7,952
Minimum finance lease obligations	\$64	\$43	\$25	\$14	\$6

#### Note 16 – Postretirement Plans

Many of our employees have earned benefits under defined benefit pension plans. Nonunion and the majority of union employees that had participated in defined benefit pension plans transitioned to a company-funded defined contribution retirement savings plan in 2016. Additional union employees transitioned to company-funded defined contribution retirement savings plans effective January 1, 2019.

We fund our major pension plans through trusts. Pension assets are placed in trust solely for the benefit of the plans' participants and are structured to maintain liquidity that is sufficient to pay benefit obligations as well as to keep pace over the long-term with the growth of obligations for future benefit payments.

We also have other postretirement benefits (OPB) other than pensions which consist principally of health care coverage for eligible retirees and qualifying dependents, and to a lesser extent, life insurance to certain groups of retirees. Retiree health care is provided principally until age 65 for approximately three-fourths of those participants who are eligible for health care coverage. Certain employee groups, including employees covered by most United Auto Workers bargaining agreements, are provided lifetime health care coverage. The funded status of the plans is measured as the

difference between the plan assets at fair value and the projected benefit obligation (PBO). We have recognized the aggregate of all overfunded plans in Other assets and the aggregate of all underfunded plans in either Accrued retiree health care or Accrued pension plan liability, net. The portion of the amount by which the actuarial present value of benefits included in the PBO exceeds the fair value of plan assets, payable in the next 12 months, is reflected in Accrued liabilities.

The components of net periodic benefit (income)/cost were as follows:

Years ended December 31,	Pension			Other Postretirement Benefits		
	2021	2020	2019	2021	2020	2019
Service cost	\$3	\$3	\$2	\$87	\$89	\$77
Interest cost	1,988	2,455	2,925	97	130	196
Expected return on plan assets	(3,848)	(3,756)	(3,863)	(7)	(9)	(8)
Amortization of prior service credits	(80)	(80)	(79)	(35)	(38)	(35)
Recognized net actuarial loss/(gain)	1,219	1,032	643	(56)	(63)	(46)
Settlement/curtailment loss/(gain)	193	9			(4)	
<b>Net periodic benefit (income)/cost</b>	<b>(\$525)</b>	<b>(\$337)</b>	<b>(\$372)</b>	<b>\$86</b>	<b>\$105</b>	<b>\$184</b>
<b>Net periodic benefit cost included in Loss from operations</b>	<b>\$3</b>	<b>\$3</b>	<b>\$313</b>	<b>\$90</b>	<b>\$91</b>	<b>\$88</b>
Net periodic benefit (income)/cost included in Other income, net	(528)	(340)	(374)	(1)	16	107
<b>Net periodic benefit (income)/cost included in Loss before income taxes</b>	<b>(\$525)</b>	<b>(\$337)</b>	<b>(\$61)</b>	<b>\$89</b>	<b>\$107</b>	<b>\$195</b>

In 2021, we recorded a \$193 settlement charge in Other income, net and remeasured assets and benefit obligations related to three of the Company's pension plans.

The following tables show changes in the benefit obligation, plan assets and funded status of both pensions and OPB for the years ended December 31, 2021 and 2020. Benefit obligation balances presented below reflect the PBO for our pension plans and accumulated postretirement benefit obligations (APBO) for our OPB plans.

	Pension		Other Postretirement Benefits	
	2021	2020	2021	2020
<b>Change in benefit obligation</b>				
Beginning balance	\$82,415	\$77,645	\$4,693	\$5,080
Service cost	3	3	87	89
Interest cost	1,988	2,455	97	130
Amendments				(29)
Actuarial (gain)/loss	(3,249)	7,759	(401)	(218)
Settlement/other	(870)	(68)		55
Gross benefits paid	(4,653)	(5,386)	(411)	(450)
Subsidies			26	36
Exchange rate adjustment	1	7	1	
Ending balance	\$75,635	\$82,415	\$4,092	\$4,693
<b>Change in plan assets</b>				
Beginning balance at fair value	\$68,696	\$61,711	\$160	\$149
Actual return on plan assets	4,477	9,275	21	21
Company contribution	11	3,013		
Plan participants' contributions			6	6
Settlement payments	(870)	(68)		
Benefits paid	(4,502)	(5,241)	(15)	(16)
Exchange rate adjustment	1	6		
Ending balance at fair value	\$67,813	\$68,696	\$172	\$160
<b>Amounts recognized in statement of financial position at December 31 consist of:</b>				
Other assets	\$1,426	\$837		
Accrued liabilities	(144)	(148)	(\$392)	(\$396)
Accrued retiree health care			(3,528)	(4,137)
Accrued pension plan liability, net	(9,104)	(14,408)		
Net amount recognized	(\$7,822)	(\$13,719)	(\$3,920)	(\$4,533)

Amounts recognized in Accumulated other comprehensive loss at December 31 were as follows:

	Pension		Other Postretirement Benefits	
	2021	2020	2021	2020
Net actuarial loss/(gain)	\$19,031	\$24,324	(\$1,092)	(\$735)
Prior service credits	(1,306)	(1,387)	(76)	(110)
Total recognized in Accumulated other comprehensive loss	\$17,725	\$22,937	(\$1,168)	(\$845)

The accumulated benefit obligation (ABO) for all pension plans was \$74,199 and \$80,694 at December 31, 2021 and 2020. Key information for our plans with ABO and PBO in excess of plan assets as of December 31 was as follows:

	2021	2020
Accumulated benefit obligation	<b>\$66,406</b>	\$74,337
Fair value of plan assets	<b>58,593</b>	61,502
	2021	2020
Projected benefit obligation	<b>\$67,841</b>	\$76,057
Fair value of plan assets	<b>58,593</b>	61,502

### Assumptions

The following assumptions, which are the weighted average for all plans, are used to calculate the benefit obligation at December 31 of each year and the net periodic benefit cost for the subsequent year.

December 31,	2021	2020	2019
Discount rate:			
Pension	<b>2.80 %</b>	2.50 %	3.30 %
Other postretirement benefits	<b>2.50 %</b>	2.00 %	3.00 %
Expected return on plan assets	<b>6.30 %</b>	6.50 %	6.80 %
Rate of compensation increase	<b>4.30 %</b>	4.30 %	4.30 %
Interest crediting rates for cash balance plans	<b>5.00 %</b>	5.00 %	5.15 %

The discount rate for each plan is determined based on the plans' expected future benefit payments using a yield curve developed from high quality bonds that are rated as Aa or better by at least half of the four rating agencies utilized as of the measurement date. The yield curve is fitted to yields developed from bonds at various maturity points. Bonds with the ten percent highest and the ten percent lowest yields are omitted. The present value of each plan's benefits is calculated by applying the discount rates to projected benefit cash flows.

The pension fund's expected return on plan assets assumption is derived from a review of actual historical returns achieved by the pension trust and anticipated future long-term performance of individual asset classes. While consideration is given to historical returns, the assumption represents a long-term, prospective return. The expected return on plan assets component of the net periodic benefit cost for the upcoming plan year is determined based on the expected return on plan assets assumption and the market-related value of plan assets (MRVA). Since our adoption of the accounting standard for pensions in 1987, we have determined the MRVA based on a five-year moving average of plan assets. As of December 31, 2021, the MRVA was approximately \$4,773 less than the fair market value of assets.

Assumed health care cost trend rates were as follows:

December 31,	2021	2020	2019
Health care cost trend rate assumed next year	<b>4.50 %</b>	4.50 %	5.00 %
Ultimate trend rate	<b>4.50 %</b>	4.50 %	4.50 %
Year that trend reached ultimate rate	<b>2021</b>	2021	2021

## Plan Assets

**Investment Strategy** The overall objective of our pension assets is to earn a rate of return over time to satisfy the benefit obligations of the pension plans and to maintain sufficient liquidity to pay benefits and address other cash requirements of the pension fund. Specific investment objectives for our long-term investment strategy include reducing the volatility of pension assets relative to pension liabilities, achieving a competitive total investment return, achieving diversification between and within asset classes and managing other risks. Investment objectives for each asset class are determined based on specific risks and investment opportunities identified.

We periodically update our long-term, strategic asset allocations. We use various analytics to determine the optimal asset mix and consider plan liability characteristics, liquidity characteristics, funding requirements, expected rates of return and the distribution of returns. A key element of our strategy is to de-risk the plan as the funded status of the plan increases. During 2021, as the funded status of the plans increased, certain assets were reallocated to fixed income. The changes in the asset allocation are reflected in the asset allocation table below. We identify investment benchmarks to evaluate performance for the asset classes in the strategic asset allocation that are market-based and investable where possible. Actual allocations to each asset class vary from target allocations due to periodic investment strategy changes, market value fluctuations, the length of time it takes to fully implement investment allocation positions, and the timing of benefit payments and contributions. Short-term investments and exchange-traded derivatives are used to rebalance the actual asset allocation to the target asset allocation. The asset allocation is monitored and rebalanced frequently. The actual and target allocations by asset class for the pension assets at December 31 were as follows:

Asset Class	Actual Allocations		Target Allocations	
	2021	2020	2021	2020
Fixed income	61 %	49 %	63 %	49 %
Global equity	16	30	20	29
Private equity	8	6	4	5
Real estate and real assets	8	7	7	9
Hedge funds	7	8	6	8
Total	100 %	100 %	100 %	100 %

Fixed income securities are invested primarily in a diversified portfolio of long duration instruments as well as Emerging Market, Structured, High Yield and Private Debt. Global equity securities are invested in a diversified portfolio of U.S. and non-U.S. companies, across various industries and market capitalizations.

Private equity investment vehicles are primarily limited partnerships (LPs) that mainly invest in U.S. and non-U.S. leveraged buyout, venture capital, growth and special situation strategies. Real estate and real assets include global private investments that may be held through investments in a limited partnership (LP) or other fund structures and publicly traded investments (such as Real Estate Investment Trusts (REITs) in the case of real estate). Real estate includes, but is not limited to, investments in office, retail, apartment and industrial properties. Real assets include, but are not limited to, investments in natural resources (such as energy, farmland and timber), commodities and infrastructure.

Hedge fund investments seek to capitalize on inefficiencies identified across and within different asset classes or markets. Hedge fund strategy types include, but are not limited to, directional, event driven, relative value and long-short.

Investment managers are retained for explicit investment roles specified by contractual investment guidelines. Certain investment managers are authorized to use derivatives, such as equity or bond futures, swaps, options and currency futures or forwards. Derivatives are used to achieve the desired market exposure of a security or an index, transfer value-added performance between asset classes, achieve the desired currency exposure, adjust portfolio duration or rebalance the total portfolio to the target asset allocation.

As a percentage of total pension assets, derivative net notional amounts were 33.4% and 8.3% for fixed income, including to-be-announced mortgage-backed securities and treasury forwards, and (5.4%) and 0.4% for global equity and commodities at December 31, 2021 and 2020.

In November 2020, the Company contributed \$3,000 of our common stock to the pension fund. An independent fiduciary was retained to manage and liquidate the stock over time at its discretion. Plan assets included \$1,883 and \$3,298 of our common stock as of December 31, 2021 and 2020.

**Risk Management** In managing the pension assets, we review and manage risk associated with funded status risk, interest rate risk, market risk, counterparty risk, liquidity risk and operational risk. Liability matching and asset class diversification are central to our risk management approach and are integral to the overall investment strategy. Further, asset classes are constructed to achieve diversification by investment strategy, by investment manager, by industry or sector and by holding. Investment manager guidelines for publicly traded assets are specified and are monitored regularly through the custodian. Credit parameters for counterparties have been established for managers permitted to trade over-the-counter derivatives. Valuation is governed through several types of procedures, including reviews of manager valuation policies, custodian valuation processes, pricing vendor practices, pricing reconciliation and periodic, security-specific valuation testing.

**Fair Value Measurements** The following table presents our plan assets using the fair value hierarchy as of December 31, 2021 and 2020. 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.

	December 31, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Fixed income securities:								
Corporate	\$20,573		\$20,520	\$53	\$20,841		\$20,801	\$40
U.S. government and agencies	11,285		11,285		5,170		5,168	2
Mortgage backed and asset backed	777		675	102	786		666	120
Municipal	1,064		1,035	29	1,176		1,104	72
Sovereign	1,135		1,126	9	1,040		1,038	2
Other	3	\$3			19	\$18	1	
Derivatives:								
Assets	62		62		6		6	
Liabilities	(48)		(48)		(17)		(17)	
Cash equivalents and other short-term investments	448		448		1,081		1,081	
Equity securities:								
U.S. common and preferred stock	4,463	4,463			5,013	5,013		
Non-U.S. common and preferred stock	3,345	3,340		5	5,577	5,575		2
Boeing company stock	1,883	1,883			3,298	3,298		
Derivatives:								
Assets	1		1		10		10	
Liabilities	(1)		(1)		(9)		(9)	
Private equity								
Real estate and real assets:								
Real estate	413	413			351	351		
Real assets	784	749	35		786	723	61	2
Derivatives:								
Assets	8		8		6		6	
Liabilities	(2)		(2)		(2)		(2)	
<b>Total</b>	<b>\$46,193</b>	<b>\$10,851</b>	<b>\$35,144</b>	<b>\$198</b>	<b>\$45,132</b>	<b>\$14,978</b>	<b>\$29,914</b>	<b>\$240</b>
Fixed income common/collective/pooled funds	\$1,712				\$2,345			
Fixed income other	747				604			
Equity common/collective/ pooled funds	4,561				6,947			
Private equity	5,100				4,013			
Real estate and real assets	3,952				3,359			
Hedge funds	4,717				5,745			
Total investments measured at NAV as a practical expedient	\$20,789				\$23,013			
Cash	\$520				\$267			
Receivables	454				992			
Payables	(143)				(708)			
<b>Total</b>	<b>\$67,813</b>				<b>\$68,696</b>			

Fixed income securities are primarily valued upon a market approach, using matrix pricing and considering a security's relationship to other securities for which quoted prices in an active market may be available, or an income approach, converting future cash flows to a single present value amount.

Inputs used in developing fair value estimates include reported trades, broker quotes, benchmark yields and base spreads.

Common/collective/pooled funds are typically common or collective trusts valued at their net asset values (NAVs) that are calculated by the investment manager or sponsor of the fund and have daily or monthly liquidity. Derivatives included in the table above are over-the-counter and are primarily valued using an income approach with inputs that include benchmark yields, swap curves, cash flow analysis, rating agency data and interdealer broker rates. Exchange-traded derivative positions are reported in accordance with changes in daily variation margin which is settled daily and therefore reflected in the payables and receivables portion of the table.

Cash equivalents and other short-term investments (which are used to pay benefits) are held in a separate account which consists of a commingled fund (with daily liquidity) and separately held short-term securities and cash equivalents. All of the investments in this cash vehicle are valued daily using a market approach with inputs that include quoted market prices for similar instruments. In the event a market price is not available for instruments with an original maturity of one year or less, amortized cost is used as a proxy for fair value. Common and preferred stock equity securities are primarily valued using a market approach based on the quoted market prices of identical instruments.

Private equity and private debt NAV valuations are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows and market based comparable data. For those investments reported on a one-quarter lagged basis (primarily LPs) we use NAVs, adjusted for subsequent cash flows and significant events.

Real estate and real asset NAVs are based on the valuation of the underlying investments, which include inputs such as cost, discounted future cash flows, independent appraisals and market based comparable data. For those investments reported on a one-quarter lagged basis (primarily LPs), NAVs are adjusted for subsequent cash flows and significant events. Publicly traded REITs and infrastructure stocks are valued using a market approach based on quoted market prices of identical instruments. Exchange-traded commodities futures positions are reported in accordance with changes in daily variation margin which is settled daily and therefore reflected in the payables and receivables portion of the table.

Hedge fund NAVs are generally based on the valuation of the underlying investments. This is primarily done by applying a market or income valuation methodology depending on the specific type of security or instrument held.

Investments in private equity, private debt, real estate, real assets and hedge funds are primarily calculated and reported by the General Partner, fund manager or third party administrator. Additionally, some investments in fixed income and equity are made via commingled vehicles and are valued in a similar fashion. Pension assets invested in commingled and limited partnership structures rely on the NAV of these investments as the practical expedient for the valuations.

The following tables present a reconciliation of Level 3 assets held during the years ended December 31, 2021 and 2020. Transfers into and out of Level 3 are reported at the beginning-of-year values.

	January 1 2021 Balance	Net Realized and Unrealized Gains/(Losses)	Net Purchases, Issuances and Settlements	Net Transfers Into/(Out of) Level 3	December 31 2021 Balance
<b>Fixed income securities:</b>					
Corporate	\$40	(\$1)	\$5	\$9	\$53
U.S. government and agencies	2		(2)		
Mortgage backed and asset backed	120		(17)	(1)	102
Municipal	72		7	(50)	29
Sovereign	2	(8)	15		9
<b>Equity securities:</b>					
Non-U.S. common and preferred stock	2	2	(3)	4	5
Real assets	2			(2)	
<b>Total</b>	<b>\$240</b>	<b>(\$7)</b>	<b>\$5</b>	<b>(\$40)</b>	<b>\$198</b>

	January 1 2020 Balance	Net Realized and Unrealized Gains/(Losses)	Net Purchases, Issuances and Settlements	Net Transfers Into/(Out of) Level 3	December 31 2020 Balance
<b>Fixed income securities:</b>					
Corporate	\$5	\$1	\$18	\$16	\$40
U.S. government and agencies				2	2
Mortgage backed and asset backed	461	(1)	(93)	(247)	120
Municipal		3	2	67	72
Sovereign		(1)	2	1	2
<b>Equity securities:</b>					
Non-U.S. common and preferred stock	2				2
Real assets	4			(2)	2
<b>Total</b>	<b>\$472</b>	<b>\$2</b>	<b>(\$71)</b>	<b>(\$163)</b>	<b>\$240</b>

For the year ended December 31, 2021, the changes in unrealized gains/(losses) for Level 3 assets still held at December 31, 2021 were (\$1) for mortgage backed and asset backed fixed income securities and (\$8) for sovereign. For the year ended December 31, 2020, the changes in unrealized gains/(losses) for Level 3 assets still held at December 31, 2020 were \$2 for corporate, \$1 for mortgage backed and asset backed fixed income securities, \$3 for municipal bonds and (\$1) for sovereign.

**OPB Plan Assets** The majority of OPB plan assets are invested in a balanced index fund which is comprised of approximately 60% equities and 40% debt securities. The index fund is valued using a

market approach based on the quoted market price of an identical instrument (Level 1). The expected rate of return on these assets does not have a material effect on the net periodic benefit cost.

## Cash Flows

**Contributions** Required pension contributions under the Employee Retirement Income Security Act (ERISA), as well as rules governing funding of our non-US pension plans, are not expected to be significant in 2022. During the fourth quarter of 2020, we contributed \$3,000 in common stock to the pension fund. We do not expect to make discretionary contributions to our pension plans in 2022.

**Estimated Future Benefit Payments** The table below reflects the total pension benefits expected to be paid from the plans or from our assets, including both our share of the benefit cost and the participants' share of the cost, which is funded by participant contributions. OPB payments reflect our portion only.

Year(s)	2022	2023	2024	2025	2026	2027-2031
Pensions	\$4,839	\$4,723	\$4,657	\$4,578	\$4,481	\$20,713
Other postretirement benefits:						
Gross benefits paid	450	425	404	380	356	1,385
Subsidies	(29)	(29)	(29)	(27)	(27)	(124)
Net other postretirement benefits	\$421	\$396	\$375	\$353	\$329	\$1,261

## Termination Provisions

Certain of the pension plans provide that, in the event there is a change in control of the Company which is not approved by the Board of Directors and the plans are terminated within five years thereafter, the assets in the plan first will be used to provide the level of retirement benefits required by ERISA, and then any surplus will be used to fund a trust to continue present and future payments under the postretirement medical and life insurance benefits in our group insurance benefit programs.

Should we terminate certain pension plans under conditions in which the plan's assets exceed that plan's obligations, the U.S. government will be entitled to a fair allocation of any of the plan's assets based on plan contributions that were reimbursed under U.S. government contracts.

## Defined Contribution Plans

We provide certain defined contribution plans to all eligible employees. The principal plans are the Company-sponsored 401(k) plans. The expense for these defined contribution plans was \$1,268, \$1,351 and \$1,533 in 2021, 2020 and 2019, respectively.

## Note 17 – Share-Based Compensation and Other Compensation Arrangements

### Share-Based Compensation

Our 2003 Incentive Stock Plan, as amended and restated, permits awards of incentive and non-qualified stock options, stock appreciation rights, restricted stock or units, performance shares, performance restricted stock or units, performance units and other stock and cash-based awards to our employees, officers, directors, consultants, and independent contractors. The aggregate number of shares of our stock authorized for issuance under the plan is 87,000,000.

Shares issued as a result of stock option exercises or conversion of stock unit awards will be funded out of treasury shares, except to the extent there are insufficient treasury shares, in which case new shares will be issued. We believe we currently have adequate treasury shares to satisfy these issuances during 2022.

Share-based plans expense is primarily included in Total costs and expenses and General and administrative expense, as well as a portion allocated to production as inventoried costs. The share-based plans expense and related income tax benefit were as follows:

Years ended December 31,	2021	2020	2019
Recognized in Loss from operations	\$667	\$243	\$217
Recognized in Inventories	\$173		
Income tax benefit	\$148	\$53	\$47

### Stock Options

On February 17, 2021, we granted 342,986 premium-priced stock options to our executive officers as part of our long-term incentive program. These stock options have an exercise price equal to 120% of the fair market value of our stock on the date of grant. The stock options are scheduled to vest and become exercisable three years after the grant date and expire ten years after the grant date. If an executive terminates employment because of retirement, layoff, disability or death, the executive (or beneficiary) may receive some or all of their stock options depending on certain age and service conditions. The fair value of the stock options granted was \$74.63 per unit and was estimated using a Monte-Carlo simulation model using the following assumptions: expected life 6.6 years, expected volatility 37.8%, risk free interest rate 1.3% and no expected dividend yield. During 2021, we also granted 148,322 stock options to certain executives to encourage retention or to award various achievements, of which 40,322 had an exercise price equal to 120% of the fair market value of our stock on the date of grant, and the remaining 108,000 had an exercise price equal to the fair market value on the date of grant. These stock options are scheduled to vest and become exercisable three years after the grant date and expire ten years after the grant date. The grant date fair market value of these awards was not significant.

Options granted through January 2014 had an exercise price equal to the fair market value of our stock on the date of grant and expire 10 years after the date of grant. These stock options vested over a period of three years and were fully vested as of December 31, 2017.

Stock option activity for the year ended December 31, 2021 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Number of shares under option:				
Outstanding at beginning of year	1,860,520	\$75.71		
Granted	491,308	250.80		
Exercised	(570,862)	73.93		
Expired	(26,663)	75.13		
Forfeited	(44,924)	258.83		
Outstanding at end of year	1,709,379	\$121.83	3.1	\$158
Exercisable at end of year	1,262,995	\$76.53	0.8	\$158

The total intrinsic value of options exercised during the years ended December 31, 2021, 2020 and 2019 was \$84, \$90 and \$279, with a related tax benefit of \$19, \$32 and \$61, respectively. At December 31, 2021, there was \$19 of total unrecognized compensation cost related to options which is expected

to be recognized over a weighted average period of 2.5 years. No options vested during the years ended December 31, 2021, 2020 and 2019.

### Restricted Stock Units

In February 2021, 2020 and 2019, we granted to our executives 980,077, 325,108 and 233,582 restricted stock units (RSUs) as part of our long-term incentive program with grant date fair values of \$215.70, \$319.04 and \$428.22 per unit, respectively. During 2021, we also granted 47,430 RSUs as part of this long-term incentive program. The RSUs granted under this program will generally vest and settle in common stock (on a one-for-one basis) on the third anniversary of the grant date. If an executive terminates employment because of retirement, layoff, disability or death, the employee (or beneficiary) may receive a proration of stock units based on active employment during the three-year service period or all of their stock units depending on certain age and service conditions. In all other cases, the RSUs will not vest and all rights to the stock units will terminate. These RSUs are labeled executive long-term incentive program in the table below.

In December 2020, we granted to our employees (excluding executives and certain union-represented employees), a one-time grant of 5,163,425 RSUs with a grant date fair value of \$233.00 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. If an employee terminates employment because of retirement, layoff, disability or death, the employee (or beneficiary) may receive a proration of stock units based on active employment during the three-year service period. In all other cases, the RSUs will not vest and all rights to the stock units will terminate. These RSUs are labeled employee long-term incentive program in the table below.

In addition to RSUs awarded under our long-term incentive programs, we grant RSUs to certain executives and employees to encourage retention or to reward various achievements. These RSUs are labeled other RSUs in the table below.

The fair values of all RSUs are estimated using the average of the high and low stock prices on the date of grant.

RSU activity for the year ended December 31, 2021 was as follows:

	Executive Long-Term Incentive Program	Employee Long-Term Incentive Program	Other
<b>Number of units:</b>			
Outstanding at beginning of year	1,423,601	5,163,425	749,319
Granted	1,027,507		216,782
Forfeited	(205,400)	(378,881)	(33,563)
Distributed	(196,013)	(3,820)	(233,672)
Outstanding at end of year	2,049,695	4,780,724	698,866
Undistributed vested units	344,125	985,427	16,212
Unrecognized compensation cost	\$258	\$573	\$67
Weighted average remaining amortization period (years)	1.9	1.9	1.9

## Performance-Based Restricted Stock Units

Performance-Based Restricted Stock Units (PBRsUs) are stock units that pay out based on the Company's total shareholder return (TSR) as compared to a group of peer companies over a three-year period. The award payout can range from 0% to 200% of the initial PBRsU grant. The PBRsUs granted under this program will vest at the payout amount and settle in common stock (on a one-for-one basis) on the third anniversary of the grant date. If an executive terminates employment because of retirement, layoff, disability or death, the employee (or beneficiary) remains eligible under the award and, if the award is earned, will receive a proration of stock units based on active employment during the three-year service period. In all other cases, the PBRsUs will not vest and all rights to the stock units will terminate.

In February 2020 and 2019, we granted to our executives 290,202 and 214,651 PBRsUs as part of our long-term incentive program. Compensation expense for the award is recognized over the three-year performance period based upon the grant date fair value. The grant date fair values were estimated using a Monte-Carlo simulation model with the assumptions presented below. The model includes no expected dividend yield as the units earn dividend equivalents.

Grant Year	Grant Date	Performance Period	Expected Volatility	Risk Free Interest Rate	Grant Date Fair Value
2020	2/24/2020	3 years	27.04 %	1.21 %	\$357.38
2019	2/25/2019	3 years	23.88 %	2.46 %	466.04

PBRsU activity for the year ended December 31, 2021 was as follows:

	Executive Long-Term Incentive Program
Number of units:	
Outstanding at beginning of year	621,559
Performance based adjustment <sup>(1)</sup>	(203,331)
Forfeited	(34,827)
Outstanding at end of year	383,401
Unrecognized compensation cost	\$36
Weighted average remaining amortization period (years)	1.1

<sup>(1)</sup> Represents net number of units adjusted at vesting based on TSR for units granted in 2018.

## Performance Awards

During 2020 and 2019, we granted Performance Awards to our executives, which are cash units that pay out based on the achievement of long-term financial goals at the end of a three-year period. Each unit has an initial value of \$100 dollars. The amount payable at the end of the three-year performance period may be anywhere from \$0 to \$200 dollars per unit for the 2019 Performance Awards and \$0 to \$150 dollars for 2020 Performance Awards, depending on the Company's performance against plan for a three-year period. The Compensation Committee has the discretion to pay these awards in cash, stock or a combination of both after the three-year performance period. Compensation expense, based on the estimated performance payout, is recognized ratably over the performance period.

The minimum payout amount is \$0, and the maximum amount we could be required to pay out for the 2020 and 2019 Performance Awards is \$253 and \$323.

**Deferred Compensation**

The Company has deferred compensation plans which permit certain employees and executives to defer a portion of their salary, bonus, certain other incentive awards and retirement contributions. Participants can diversify these amounts among 23 investment funds including a Boeing stock unit account.

Total expense related to deferred compensation was \$126, \$93 and \$174 in 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, the deferred compensation liability which is being marked to market was \$1,703 and \$1,718.

**Note 18 – Shareholders' Equity**

On December 17, 2018, the Board approved a repurchase plan for up to \$20,000 of common stock. In March 2020, the Board of Directors terminated its prior authorization to repurchase shares under this plan.

As of December 31, 2021 and 2020, there were 1,200,000,000 shares of common stock and 20,000,000 shares of preferred stock authorized. No preferred stock has been issued.

**Changes in Share Balances**

The following table shows changes in each class of shares:

	Common Stock	Treasury Stock
Balance at January 1, 2019	1,012,261,159	444,619,970
Issued		(2,797,002)
Acquired		7,529,437
Balance at December 31, 2019	1,012,261,159	449,352,405
Issued		(19,986,868)
Acquired		575,484
Balance at December 31, 2020	1,012,261,159	429,941,021
Issued		(6,904,556)
Acquired		307,242
Balance at December 31, 2021	<b>1,012,261,159</b>	<b>423,343,707</b>

## Accumulated Other Comprehensive Loss

Changes in Accumulated other comprehensive loss (AOCl) by component for the years ended December 31, 2021, 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 <sup>(1)</sup>
Balance at January 1, 2019	(\$101)		(\$62)	(\$14,920)	(\$15,083)
Other comprehensive (loss)/income before reclassifications	(27)	\$1	(48)	(1,397) <sup>(2)</sup>	(1,471)
Amounts reclassified from AOCl			26	375 <sup>(3)</sup>	401
Net current period Other comprehensive (loss)/income	(27)	1	(22)	(1,022)	(1,070)
Balance at December 31, 2019	(\$128)	\$1	(\$84)	(\$15,942)	(\$16,153)
Other comprehensive income/(loss) before reclassifications	98		14	(1,929) <sup>(2)</sup>	(1,817)
Amounts reclassified from AOCl			27	810 <sup>(3)</sup>	837
Net current period Other comprehensive income/(loss)	98		41	(1,119)	(980)
Balance at December 31, 2020	(\$30)	\$1	(\$43)	(\$17,061)	(\$17,133)
Other comprehensive (loss)/income before reclassifications	(75)		55	4,268 <sup>(2)</sup>	4,248
Amounts reclassified from AOCl			(6)	1,232 <sup>(3)</sup>	1,226
Net current period Other comprehensive (loss)/income	(75)		49	5,500	5,474
Balance at December 31, 2021	(\$105)	\$1	\$6	(\$11,561)	(\$11,659)

(1) Net of tax.

(2) Primarily relates to remeasurement of assets and benefit obligations related to the Company's pension and other postretirement benefit plans resulting in an actuarial gain/(loss) of \$4,262, (\$1,956) and (\$1,413) (net of tax of (\$32), \$111 and \$405) for the years ended December 31, 2021, 2020 and 2019. See Note 16.

(3) Primarily relates to amortization of actuarial losses for the years ended December 31, 2021, 2020 and 2019 totaling \$1,155, \$917 and \$464 (net of tax of (\$8), (\$52) and (\$133)), respectively. These are included in the net periodic pension cost. See Note 16.

## Note 19 – 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 2031. We use commodity derivatives, such as fixed-price purchase commitments and swaps to hedge against potentially unfavorable price changes for commodities used in production. Our commodity contracts hedge forecasted transactions through 2029.

### 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 and commodity swaps which do not qualify for hedge accounting treatment.

### Notional Amounts and Fair Values

The notional amounts and fair values of derivative instruments in the Consolidated Statements of Financial Position as of December 31 were as follows:

	Notional amounts <sup>(1)</sup>		Other assets		Accrued liabilities	
	2021	2020	2021	2020	2021	2020
Derivatives designated as hedging instruments:						
Foreign exchange contracts	\$2,630	\$2,594	\$30	\$81	(\$52)	(\$24)
Commodity contracts	500	404	88	4	(18)	(43)
Derivatives not receiving hedge accounting treatment:						
Foreign exchange contracts	361	769	2	22	(3)	(16)
Commodity contracts	760	904	8		(7)	(17)
Total derivatives	\$4,251	\$4,671	128	107	(80)	(100)
Netting arrangements			(30)	(31)	30	31
Net recorded balance			\$98	\$76	(\$50)	(\$69)

<sup>(1)</sup> 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:

Years ended December 31,	2021	2020
Recognized in Other comprehensive income, net of taxes:		
Foreign exchange contracts	(\$47)	\$44
Commodity contracts	102	(30)

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

Years ended December 31,	2021	2020
Foreign exchange contracts		
Revenues		(\$3)
Costs and expenses	\$13	(14)
General and administrative	8	(6)
Commodity contracts		
Costs and expenses	(\$18)	(\$10)
General and administrative expense	5	(1)

Gains/(losses) related to undesignated derivatives on foreign exchange and commodity cash flow hedging transactions recognized in Other income, net were insignificant for the years ended December 31, 2021 and December 31, 2020.

Based on our portfolio of cash flow hedges, we expect to reclassify gains of \$22 (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 December 31, 2021 was \$7. At December 31, 2021, there was no collateral posted related to our derivatives.

## Note 20 – 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.

	December 31, 2021			December 31, 2020		
	Total	Level 1	Level 2	Total	Level 1	Level 2
<b>Assets</b>						
Money market funds	\$1,370	\$1,370		\$2,230	\$2,230	
Available-for-sale debt investments:						
Commercial paper	225		\$225	149		\$149
Corporate notes	262		262	333		333
U.S. government agencies	1		1	114		114
Other equity investments	20	20		54	54	
Derivatives	98		98	76		76
<b>Total assets</b>	<b>\$1,976</b>	<b>\$1,390</b>	<b>\$586</b>	<b>\$2,956</b>	<b>\$2,284</b>	<b>\$672</b>
<b>Liabilities</b>						
Derivatives	(\$50)		(\$50)	(\$69)		(\$69)
<b>Total liabilities</b>	<b>(\$50)</b>		<b>(\$50)</b>	<b>(\$69)</b>		<b>(\$69)</b>

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.

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.

Certain assets have been measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3). The following table presents the nonrecurring losses recognized for the years ended December 31 due to long-lived asset impairment, and the fair value and asset classification of the related assets as of the impairment date:

	2021		2020	
	Fair Value	Total Losses	Fair Value	Total Losses
Investments		(\$8)	\$22	(\$81)
Customer financing assets	\$110	(31)	105	(24)
Other assets and Acquired intangible assets	1	(9)	298	(221)
Property, plant and equipment	9	(50)	79	(84)
Total	\$120	(\$98)	\$504	(\$410)

Investments, Property, plant and equipment, Other assets and Acquired intangible assets were primarily valued using an income approach based on the discounted cash flows associated with the underlying assets. The fair value of the impaired customer financing assets includes operating lease equipment and investments in sales type-leases/finance leases and is derived by calculating a median collateral value from a consistent group of third party aircraft value publications. The values provided by the third party aircraft publications are derived from their knowledge of market trades and other market factors. Management reviews the publications quarterly to assess the continued appropriateness and consistency with market trends. Under certain circumstances, we adjust values based on the attributes and condition of the specific aircraft or equipment, usually when the features or use of the aircraft vary significantly from the more generic aircraft attributes covered by third party publications, or on the expected net sales price for the aircraft.

For Level 3 assets that were measured at fair value on a nonrecurring basis during the year ended December 31, 2021, the following table presents the fair value of those assets as of the measurement date, valuation techniques and related unobservable inputs of those assets.

	Fair Value	Valuation Technique(s)	Unobservable Input	Range Median or Average
Customer financing assets	\$110	Market approach	Aircraft value publications	\$88 - \$125 <sup>(1)</sup>
			Aircraft condition	Median \$119
			adjustments	(\$12) - \$3 <sup>(2)</sup>
				Net (\$9)

(1) The range represents the sum of the highest and lowest values for all aircraft subject to fair value measurement, according to the third party aircraft valuation publications that we use in our valuation process.

(2) The negative amount represents the sum, for all aircraft subject to fair value measurement, of all downward adjustments based on consideration of individual aircraft attributes and condition. The positive amount represents the sum of all such upward adjustments.

## 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 Consolidated Statements of Financial Position at December 31 were as follows:

December 31, 2021					
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>					
Notes receivable, net	\$412	\$485		\$485	
<b>Liabilities</b>					
Debt, excluding finance lease obligations	(57,921)	(65,724)		(65,724)	
December 31, 2020					
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>					
Notes receivable, net	\$420	\$488		\$488	
<b>Liabilities</b>					
Debt, excluding finance lease obligations	(63,380)	(72,357)		(72,342)	(\$15)

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 Consolidated Statements of Financial Position, approximate their fair value at December 31, 2021 and 2020. 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 21 – 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. During the fourth quarter of 2021, we entered into a proposed settlement with plaintiffs in a shareholder derivative lawsuit. Under the proposed settlement, which is subject to court approval, the Company would receive monetary payments of approximately \$237, before attorneys' fees, and commit to making certain governance changes. Further, we are subject to, and cooperating with, ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX. Among these is an ongoing investigation by the Securities and Exchange Commission, the outcome of which may be material. Other than with respect to the agreement described below with the U.S. Department of Justice entered in 2021, we cannot reasonably estimate a range of loss, if any, not covered by available insurance that may result given the current status of the pending lawsuits, investigations and inquiries related to the 737 MAX.

On January 6, 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolves the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX airplane by the Federal Aviation Administration. Under the terms of the Deferred Prosecution Agreement, we agreed to the filing of a criminal information charging the Company with one count of conspiracy to defraud the United States, based on the conduct of two former 737 MAX program technical pilots; the criminal information will be dismissed after three years, provided that we comply with our obligations under the agreement. The Deferred Prosecution Agreement requires that we make payments totaling \$2,510, which consist of (a) a \$244 criminal monetary penalty; (b) \$500 in additional compensation to the heirs and/or beneficiaries of those who died in the Lion Air Flight 610 and Ethiopian Airlines Flight 302 accidents; and (c) \$1,770 to the Company's airline customers for harm incurred as a result of the grounding of the 737 MAX, offset in part by payments already made and the remainder satisfied through payments to be made prior to the termination of the Deferred Prosecution Agreement. The agreement also requires that we review our compliance program and undertake continuous improvement efforts with respect to it, and implement enhanced compliance reporting and internal controls mechanisms. We expensed \$744 in the fourth quarter of 2020 related to this agreement. During the first quarter, consistent with the terms of the Deferred Prosecution Agreement, the monetary penalty was paid, and the \$500 compensation amount was transferred to a fund established to benefit the heirs and/or beneficiaries of the victims of the 737 MAX accidents. In addition, the \$1,770 amount related to the Company's airline customers was included in amounts reserved in prior quarters for 737 MAX customer considerations.

During 2019, we entered into agreements with Embraer S.A. (Embraer) to establish 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. In 2020, we exercised our contractual right to terminate these agreements based on Embraer's failure to meet certain required closing conditions. Embraer has disputed our right to terminate the agreements, and the dispute is currently in arbitration. We cannot reasonably estimate a range of loss, if any, that may result from the arbitration.

## **Note 22 – Segment and Revenue Information**

Our primary profitability measurements to review a segment's operating results are Earnings/(loss) 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 63 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 products and 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 customers.

While our principal operations are in the United States, Canada and Australia, some key suppliers and subcontractors are located in Europe and Japan. Revenues, including foreign military sales, are reported by customer location and consisted of the following:

Years ended December 31,	2021	2020	2019
Europe	\$8,967	\$7,961	\$10,366
Asia	5,845	5,931	16,346
Middle East	4,653	5,308	9,272
Canada	969	1,302	2,019
Oceania	1,147	832	2,006
Africa	239	114	1,113
Latin America, Caribbean and other	1,376	229	1,015
Total non-U.S. revenues	23,196	21,677	42,137
United States	39,076	36,979	42,681
Estimated potential concessions and other considerations to 737 MAX customers, net <sup>(1)</sup>	14	(498)	(8,259)
<b>Total revenues</b>	<b>\$62,286</b>	<b>\$58,158</b>	<b>\$76,559</b>

<sup>(1)</sup> Net of insurance recoveries

Revenues from the U.S. government (including foreign military sales through the U.S. government), primarily recorded at BDS and BGS, represented 49%, 51% and 39% of consolidated revenues for 2021, 2020 and 2019, respectively. Approximately 4% of operating assets were located outside the United States as of December 31, 2021 and 2020.

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 consisted of the following:

Years ended December 31,	2021	2020	2019
Revenue from contracts with customers:			
Europe	\$4,334	\$3,872	\$5,829
Middle East	1,098	1,647	5,761
Asia	2,792	2,679	12,446
Other	1,681	513	3,450
Total non-U.S. revenues	9,905	8,711	27,486
United States	9,472	7,899	12,676
Estimated potential concessions and other considerations to 737 MAX customers, net <sup>(1)</sup>	14	(498)	(8,259)
Total revenues from contracts with customers	19,391	16,112	31,903
Intersegment revenues, eliminated on consolidation	102	50	352
Total segment revenues	\$19,493	\$16,162	\$32,255
Revenue recognized on fixed-price contracts	100 %	100 %	100 %
Revenue recognized at a point in time	100 %	100 %	100 %

<sup>(1)</sup> Net of insurance recoveries

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

Years ended December 31,	2021	2020	2019
Revenue from contracts with customers:			
U.S. customers	\$19,869	\$19,662	\$19,465
Non-U.S. customers <sup>(1)</sup>	6,671	6,595	6,630
Total segment revenue from contracts with customers	\$26,540	\$26,257	\$26,095
Revenue recognized over time	99 %	98 %	98 %
Revenue recognized on fixed-price contracts	68 %	69 %	70 %
Revenue from the U.S. government <sup>(1)</sup>	89 %	89 %	89 %

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

BGS revenues consisted of the following:

Years ended December 31,	2021	2020	2019
Revenue from contracts with customers:			
Commercial	\$7,527	\$6,936	\$10,167
Government	8,553	8,368	8,107
Total revenues from contracts with customers	16,080	15,304	18,274
Intersegment revenues eliminated on consolidation	248	239	194
Total segment revenues	\$16,328	\$15,543	\$18,468
Revenue recognized at a point in time	45 %	47 %	55 %
Revenue recognized on fixed-price contracts	86 %	87 %	90 %
Revenue from the U.S. government <sup>(1)</sup>	40 %	41 %	34 %

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

### Earnings in Equity Method Investments

Our share of income or loss from equity method investments was \$40, \$86 and \$90, primarily in our BDS segment, for the years ended December 31, 2021, 2020 and 2019, respectively.

### Backlog

Our total backlog includes contracts that we and our customers are committed to perform. The value in backlog represents the estimated transaction prices on performance obligations to our customers for which work remains to be performed. Backlog is converted into revenue, primarily based on the cost incurred or at delivery and acceptance of products, depending on the applicable revenue recognition model.

Our backlog at December 31, 2021 was \$377,499. We expect approximately 17% to be converted to revenue through 2022 and approximately 74% through 2025, with the remainder thereafter. There is significant uncertainty regarding the timing of when backlog will convert into revenue due to 787 production issues and associated rework, timing of 737 MAX delivery resumption in China, timing of entry into service of the 777X, 737 MAX 7 and/or 737 MAX 10, and 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.

Years ended December 31,	2021	2020	2019
Share-based plans	(\$174)	(\$120)	(\$65)
Deferred compensation	(126)	(93)	(174)
Amortization of previously capitalized interest	(107)	(95)	(89)
Research and development expense, net	(184)	(240)	(401)
Customer financing impairment			(250)
Litigation			(109)
Eliminations and other unallocated items	(676)	(1,807)	(985)
Unallocated items, eliminations and other	(\$1,267)	(\$2,355)	(\$2,073)
Pension FAS/CAS service cost adjustment	\$882	\$1,024	\$1,071
Postretirement FAS/CAS service cost adjustment	291	359	344
FAS/CAS service cost adjustment	\$1,173	\$1,383	\$1,415

### 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 Financial Accounting Standards (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.

December 31,	2021	2020
Commercial Airplanes	\$75,863	\$77,973
Defense, Space & Security	14,974	14,256
Global Services	16,397	17,399
Boeing Capital	1,735	1,978
Unallocated items, eliminations and other	29,583	40,530
Total	\$138,552	\$152,136

Assets included in Unallocated items, eliminations and other primarily consist of Cash and cash equivalents, Short-term and other investments, tax assets, capitalized interest, assets managed centrally on behalf of the four principal business segments and intercompany eliminations. From December 31, 2020 to December 31, 2021, assets in Unallocated items, eliminations and other decreased primarily due to reductions in short-term and other investment balances.

## Capital Expenditures

Years ended December 31,	2021	2020	2019
Commercial Airplanes	\$177	\$322	\$433
Defense, Space & Security	199	172	189
Global Services	94	127	218
Unallocated items, eliminations and other	510	682	994
Total	\$980	\$1,303	\$1,834

Capital expenditures for Unallocated items, eliminations and other relate primarily to assets managed centrally on behalf of the four principal business segments.

## Depreciation and Amortization

Years ended December 31,	2021	2020	2019
Commercial Airplanes	\$535	\$559	\$580
Defense, Space & Security	233	251	256
Global Services	414	408	424
Boeing Capital Corporation	59	66	64
Centrally Managed Assets <sup>(1)</sup>	903	962	947
Total	\$2,144	\$2,246	\$2,271

<sup>(1)</sup> Amounts shown in the table represent depreciation and amortization expense recorded by the individual business segments. Depreciation and amortization for centrally managed assets are included in segment operating earnings based on usage and occupancy. In 2021, \$668 was included in the primary business segments, of which \$386, \$222 and \$60 was included in BCA, BDS and BGS, respectively. In 2020, \$689 was included in the primary business segments, of which \$397, \$236 and \$56 was included in BCA, BDS and BGS, respectively. In 2019, \$717 was included in the primary business segments, of which \$407, \$257 and \$53 was included in BCA, BDS and BGS, respectively.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of The Boeing Company

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of The Boeing Company and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 31, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Cost Estimates for Fixed-Price Development Contracts – Refer to Notes 1 and 13 to the financial statements**

*Critical Audit Matter Description*

As more fully described in Notes 1 and 13 to the consolidated financial statements, the Company recognizes revenue over time for long-term contracts as goods are produced or services are rendered. The Company uses costs incurred as the method for determining progress, and revenue is recognized based on costs incurred to date plus an estimate of margin at completion. The process of estimating margin at completion involves estimating the costs to complete production of goods or rendering of services and comparing those costs to the estimated final revenue amount. Fixed-price development contracts are inherently uncertain in that revenue is fixed while the estimates of costs required to complete these contracts are subject to significant variability. Due to the technical performance requirements in many of these contracts, changes to cost and revenue estimates could occur, resulting in lower margins or material reach-forward losses.

Given the complexity of certain of the Company's fixed-price development contracts, including the KC-46A Tanker, Commercial Crew, and United States Air Force VC-25B Presidential Aircraft contracts, the limited amount of historical data available in certain instances and significant judgments necessary to estimate future costs at completion, auditing these estimates involved extensive audit effort and a high degree of auditor judgment and required audit professionals with specialized industry experience.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the cost estimates for the KC-46A Tanker, Commercial Crew, and United States Air Force VC-25B Presidential Aircraft fixed-price development contracts included the following, among others:

- We evaluated the appropriateness and consistency of management's methods used in developing its estimates.
- We evaluated the reasonableness of judgments made and significant assumptions used by management relating to key cost and schedule estimates, including the range and probability of reasonable outcomes, and the appropriateness of the timing of changes to key estimates.
- We performed inquiries of the Company's project managers and others directly involved with the contracts to evaluate management's ability to achieve the key cost and schedule estimates, as well as evaluate project status and project challenges which may affect total estimated costs to complete. We also observed the project work site when key estimates related to tangible or physical progress of the project.
- We tested the accuracy and completeness of the key data used in developing estimates. We developed independent expectations of reasonable outcomes using, in part, the program's data and compared our expectations to management's estimates.
- We tested the effectiveness of controls over the review of judgments made and significant assumptions used to develop key estimates, including controls over the key data used in developing the estimates and the mathematical extrapolation of such data.
- We performed retrospective reviews, comparing actual performance to estimated performance and the related financial statement impact, including the appropriateness of the timing of changes to key estimates, when evaluating the thoroughness and precision of management's estimation process and effectiveness of related internal controls.

**Program Accounting Estimates for the 777X Program – Refer to Notes 1 and 7 to the financial statements**

*Critical Audit Matter Description*

The introduction of new aircraft programs involves increased risk associated with meeting development, certification and production schedules. The Company uses program accounting in order to compute cost of sales and margin for each commercial airplane sold. The use of program accounting requires estimating and demonstrating customer demand for the number of units included in the program (program accounting quantity) and estimating the sales and costs over the expected life of each program. In particular, estimating the initial program accounting quantity and revenue for unsold units within the program accounting quantity involves measurement uncertainty resulting in a range of reasonable outcomes. Additionally, the level of effort to meet regulatory requirements and achieve certification may be challenging to predict, resulting in delays in the timing of entry into service and corresponding increases in estimated costs. Changes to the program accounting quantity or revenue and cost estimates could occur, resulting in lower margins or material reach-forward losses. Auditing the estimated revenues and costs for the 777X program involved extensive audit effort and required audit professionals with specialized industry experience given the high degree of complexity and subjectivity related to management's estimates.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures over the estimated revenues and costs for the anticipated 777X program accounting quantity included the following, among others:

- We inquired of the Company's management, including individuals responsible for sales and pricing, to evaluate the status of current sales campaigns, short and long-term market demand, and status of negotiations with individual customers.
- We compared management's estimate of market demand to external industry sources of expected demand.
- We evaluated the appropriateness and consistency of management's methods and significant assumptions used in developing its estimates related to the initial program accounting quantity and revenue for unsold units.
- We evaluated management's ability to estimate program revenue by comparison to historical estimates and actual results on similar programs.
- We evaluated the appropriateness and consistency of management's methods used in developing its cost estimates.
- We performed inquiries of those directly involved with the certification of the aircraft to evaluate project status and challenges which may affect total estimated costs to achieve certification of the aircraft.
- We tested the effectiveness of controls including those over the key data used in developing the estimates, the mathematical extrapolation of such data, and management's judgment regarding the range of reasonable outcomes relating to the specific estimates.

**Program Accounting Revenue Estimates for the 787 Program — Refer to Notes 1, 7, and 22 to the financial statements***Critical Audit Matter Description*

Production quality issues for the 787 Program have resulted in increased risk associated with forecasted revenue estimates primarily due to the difficulty in assessing the timeline for restarting 787 deliveries. The Company uses program accounting in order to compute cost of sales and margin for each commercial airplane sold. The use of program accounting requires estimating the revenue expected to be earned upon delivery of the aircraft included in the program's accounting quantity. The timing of the Federal Aviation Administration's ("FAA") approval to resume deliveries, the impact to the delivery schedule from delayed deliveries, and the value of the consideration expected to be provided to customers for delivery delays are key factors that affect estimated revenue. There is increased estimation uncertainty related to the revenue forecasts of aircraft which have reached or are expected to reach a delivery delay period that provides the customer with a contractual termination right. Due to continued uncertainty in the expected FAA approval date to resume 787 aircraft deliveries, there is significant judgment in determining which aircraft will reach these contractual termination rights. Changes to the expected delivery resumption date could have a flowthrough impact and result in additional consideration to customers. This could result in lower margins or further material reach-forward losses. Auditing the estimated revenues for the 787 program involved extensive audit effort and required professionals with specialized industry experience given the high degree of complexity and subjectivity related to management's estimates.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures over the estimated revenues for the 787 program included the following, among others:

- We inquired of the Company's management, including individuals responsible for engineering and production operations, to assess whether the estimated FAA approval and delivery resumption date represent management's best estimates based on the status of the rework activity.
- We inquired of the Company's management, including the individuals communicating with the FAA, to assess if there is contradictory information to that assumed by management related to the estimated timeline for rework completion or getting FAA approval to resume deliveries.
- We evaluated the appropriateness and consistency of management's method for developing the deliveries schedule assumptions.
- We inquired of the Company's management, including individuals responsible for sales and pricing, to evaluate the status of current contracts with customers and expected consideration to be provided to customers.
- We evaluated the appropriateness and consistency of management's methods and significant assumptions used in developing its estimates related to forecasted revenue for aircraft which have or are expected to have delivery delays.
- We tested the effectiveness of controls including those over the key data used in developing the estimates, the mathematical extrapolation of such data, and management's judgment regarding the range of reasonable outcomes relating to the specific estimates.

**Liabilities related to the 737 MAX Grounding – Refer to Note 13 to the financial statements**

*Critical Audit Matter Description*

In 2019, following two fatal 737 MAX accidents, the FAA and non-U.S. civil aviation authorities issued orders suspending commercial operations of 737 MAX aircraft (the “737 MAX Grounding”). Deliveries resumed in the U.S. in late 2020 following rescission by the FAA of its grounding order.

During 2019, the Company recorded an initial liability in connection with estimated payments, concessions and other in-kind consideration it intends to provide to customers for disruptions related to the 737 MAX Grounding and associated delivery delays. This liability totaled \$2.9 billion at December 31, 2021 and is reflected in the financial statements in Accrued liabilities. Of the \$2.9 billion, \$2.2 billion has been contractually agreed to with customers. The liability represents the Company’s best estimate of future concessions and other consideration to its customers. To the extent not contractually agreed upon, the estimate is based on individual negotiations with customers and the substance of such negotiations.

The subjectivity of the estimate of approximately \$0.7 billion relating to consideration that has not yet been contractually agreed to with customers involved extensive audit effort and a high degree of auditor judgment and required audit professionals with specialized industry experience.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures associated with liabilities related to the 737 MAX Grounding included the following, among others:

- We inquired of management to understand developments with the 737 MAX Grounding, including the status of consideration negotiations with individual customers.
- We obtained written representations from management concerning its intent to provide consideration to customers and the extent of that consideration.
- We evaluated the significant assumptions used by management to estimate the liability for customer consideration, and, where possible, we corroborated the significant assumptions with management outside of the accounting and finance organizations.
- We reviewed the terms of customer contracts and correspondence with customers concerning potential consideration as a result of the 737 MAX Grounding.
- We evaluated the terms of settlement agreements with customers for the allocation of value provided between consideration as a result of the 737 MAX Grounding and for consideration related to the impact of current economic conditions resulting from COVID-19.
- We evaluated delivery documents for 737 MAX deliveries for incremental value provided at delivery as potential consideration as a result of the 737 MAX Grounding.
- We read minutes of meetings of the Board of Directors and its committees for evidence of unrecorded loss contingencies.
- We evaluated the Company’s disclosures for consistency with our knowledge of matters related to the 737 MAX Grounding.

/s/ Deloitte & Touche LLP

Chicago, Illinois  
January 31, 2022

We have served as the Company's auditor since at least 1934; however, an earlier year could not be reliably determined.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of The Boeing Company

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of The Boeing Company and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021 of the Company, and our report dated January 31, 2022 expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Chicago, Illinois

January 31, 2022

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. 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 December 31, 2021 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) Management's Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation under the framework in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

Our internal control over financial reporting as of December 31, 2021, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8 of this report and is incorporated by reference herein.

(c) Changes in Internal Controls Over Financial Reporting.

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of 2021 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

**Item 9B. Other Information**

None.

### Part III

#### Item 10. Directors, Executive Officers and Corporate Governance

Our executive officers and their ages as of January 31, 2022, are as follows:

Name	Age	Principal Occupation or Employment/Other Business Affiliations
Bertrand-Marc Allen	48	Chief Strategy Officer and Senior Vice President, Strategy and Corporate Development since October 2020. Mr. Allen previously served as Senior Vice President and President, Embraer Partnership and Group Operations from April 2019 to October 2020, Senior Vice President and President, Boeing International from February 2015 to April 2019; President of Boeing Capital Corporation from March 2014 to February 2015; Corporate Vice President, Boeing International and Chairman and President of Boeing (China) Co., Ltd. from March 2011 to March 2014; and Vice President, Global Law Affairs from May 2007 to March 2011. Mr. Allen serves on the board of directors of Procter & Gamble Co.
Michael A. Arthur	71	Senior Vice President and President, Boeing International since April 2019. Mr. Arthur previously served as President of Boeing Europe from March 2016 to April 2019 and as Managing Director of Boeing United Kingdom and Ireland from September 2014 to April 2019.
David L. Calhoun	64	President and Chief Executive Officer since January 2020 and a member of the Board of Directors since June 2009. Previously, Mr. Calhoun served as Senior Managing Director & Head of Private Equity Portfolio Operations at The Blackstone Group from January 2014 to January 2020. Prior to that, Mr. Calhoun served as Chairman of the Board of Nielsen Holdings plc from January 2014 to January 2016, as Chief Executive Officer of Nielsen Holdings plc from May 2010 to January 2014, and as Chairman of the Executive Board and Chief Executive Officer of The Nielsen Company B.V. from August 2006 to January 2014. Prior to joining Nielsen, he served as Vice Chairman of General Electric Company and President and Chief Executive Officer of GE Infrastructure. During his 26-year tenure at GE, he ran multiple business units including GE Transportation, GE Aircraft Engines, GE Employers Reinsurance Corporation, GE Lighting and GE Transportation Systems. Mr. Calhoun also serves on the board of directors of Caterpillar Inc.
Leanne G. Caret	55	Executive Vice President, President and Chief Executive Officer, Boeing Defense, Space & Security since March 2016. Ms. Caret joined Boeing in 1988, and her previous positions include President of Global Services & Support from February 2015 to March 2016; Chief Financial Officer and Vice President, Finance, for BDS from March 2014 to February 2015; Vice President and General Manager, Vertical Lift from November 2012 to February 2014; and Vice President and Program Manager, Chinook from November 2009 to October 2012. Ms. Caret serves on the board of directors of Deere & Company.

Name	Age	Principal Occupation or Employment/Other Business Affiliations
Theodore Colbert III	48	Executive Vice President, President and Chief Executive Officer, Boeing Global Services since October 2019. Mr. Colbert previously served as Chief Information Officer and Senior Vice President, Information Technology & Data Analytics from April 2016 to October 2019; Chief Information Officer and Vice President of Information Technology from November 2013 to April 2016; Vice President of Information Technology Infrastructure from December 2011 to November 2013; and Vice President of IT Business Systems from September 2010 to December 2011. Mr. Colbert serves on the board of directors of Archer-Daniels-Midland Company.
Michael D'Ambrose	64	Chief Human Resources Officer and Executive Vice President, Human Resources since June 2021. Prior to joining Boeing in July 2020 as Executive Vice Present, Human Resources, Mr. D'Ambrose served as Senior Vice President and Chief Human Resources Officer for Archer-Daniels-Midland Company from October 2006 to June 2020. Previously, he served in a series of executive-level business and human resources positions, including chief human resources officer at Citigroup, First Data Corporation and Toys 'R' Us, Inc.
Edward L. Dandridge	57	Chief Communications Officer and Senior Vice President, Communications since June 2021. Prior to joining Boeing in September 2020 as Senior Vice President, Communications, Mr. Dandridge served as Global Chief Marketing and Communications Officer of AIG General Insurance from April 2018 to September 2020; Chief Marketing and Communications Officer of Marsh & McLennan Companies from March 2014 to April 2018; and Chief Marketing Officer of Collective from February 2013 to February 2014.
Stanley A. Deal	57	Executive Vice President, President and Chief Executive Officer, Boeing Commercial Airplanes since October 2019. Mr. Deal joined Boeing in 1986, and his previous positions include Executive Vice President, President and Chief Executive Officer, Boeing Global Services from November 2016 to October 2019; Senior Vice President of Commercial Aviation Services from March 2014 to November 2016; Vice President and General Manager of Supply Chain Management and Operations for Commercial Airplanes from September 2011 to February 2014; Vice President of Supplier Management from February 2010 to August 2011; and Vice President of Asia Pacific Sales from December 2006 to January 2010.
Susan Doniz	52	Chief Information Officer and Senior Vice President, Information Technology & Data Analytics since May 2020. Prior to joining Boeing, Ms. Doniz served as Global Chief Information Officer of Qantas Airways Limited from January 2017 to April 2020; as strategic advisor to the Global CEO of SAP SE on transformation and technology issues in support of customers from September 2015 to January 2017; and Global Product, Digital Strategy and Chief Information Officer of AIMIA Inc. from June 2011 to January 2015.

Name	Age	Principal Occupation or Employment/Other Business Affiliations
Brett C. Gerry	50	Chief Legal Officer and Executive Vice President, Global Compliance since May 2020. Mr. Gerry previously served as Senior Vice President and General Counsel from May 2019 to May 2020 President of Boeing Japan from February 2016 to May 2019; Vice President and General Counsel, Boeing Commercial Airplanes from March 2009 to March 2016; and Chief Counsel, Network and Space Systems from September 2008 to March 2009.
Gregory L. Hyslop	63	Chief Engineer and Executive Vice President, Engineering, Test & Technology since December 2020. Dr. Hyslop's previous positions include Chief Engineer and Senior Vice President, Engineering, Test & Technology from August 2019 to December 2020; Chief Technology Officer and Senior Vice President, Engineering, Test & Technology from March 2016 to August 2019; Vice President and General Manager of Boeing Research and Technology from February 2013 to March 2016; and Vice President and General Manager of Boeing Strategic Missile & Defense Systems from March 2009 to February 2013.
Ziad S. Ojakli	55	Executive Vice President, Government Operations since October 2021. Prior to joining Boeing, Mr. Ojakli served as a managing partner and Senior Vice President of Global Government Affairs at SoftBank Group Corp. from August 2018 to September 2020. Prior to that, he served as Group Vice President, Government & Community Relations at Ford Motor Company from January 2004 to July 2018.
Brian J. West	52	Executive Vice President and Chief Financial Officer since August 2021. Prior to joining Boeing, Mr. West served as Chief Financial Officer of Refinitiv Holdings (a London Stock Exchange Group business and provider of financial markets data and infrastructure) from November 2018 to June 2021. Prior to that, he served as Chief Financial Officer and Executive Vice President of Operations of Oscar Insurance Corporation from January 2016 to October 2018. Mr. West served as Chief Operating Officer of Nielsen Holdings plc from March 2014 to December 2015 and as Chief Financial Officer of Nielsen Holdings plc (or its predecessor) from February 2007 to March 2014. Prior to joining Nielsen, Mr. West was employed by the General Electric Company as the Chief Financial Officer of its GE Aviation division from June 2005 to February 2007 and Chief Financial Officer of its GE Aviation Services division from March 2004 to June 2005. Prior to that, Mr. West held several senior financial positions across General Electric Company businesses, including Plastics, NBC, Energy and Transportation.

Information relating to our directors and nominees will be included under the caption “Election of Directors” in our proxy statement involving the election of directors, which will be filed with the SEC no later than 120 days after December 31, 2021 and is incorporated by reference herein. Information required by Items 405, 407(d)(4) and 407(d)(5) of Regulation S-K will be included under the captions “Stock Ownership Information” and “Board Committees” in the 2022 Proxy Statement, and that information is incorporated by reference herein.

*Codes of Ethics.* We have adopted (1) The Boeing Company Code of Ethical Business Conduct for the Board of Directors; (2) The Boeing Company Code of Conduct for Finance Employees which is

applicable to our Chief Executive Officer (CEO), Chief Financial Officer (CFO), Controller and all finance employees; and (3) The Boeing Code of Conduct that applies to all employees, including our CEO (collectively, the Codes of Conduct). The Codes of Conduct are posted on our website, [www.boeing.com/company/general-info/corporate-governance.page](http://www.boeing.com/company/general-info/corporate-governance.page), and printed copies may be obtained, without charge, by contacting the Office of Internal Governance, The Boeing Company, 100 N. Riverside Plaza, Chicago, IL 60606. We intend to disclose promptly on our website any amendments to, or waivers of, the Codes of Conduct covering our CEO, CFO and/or Controller.

No family relationships exist among any of the executive officers, directors or director nominees.

#### **Item 11. Executive Compensation**

The information required by Item 402 of Regulation S-K will be included under the captions “Compensation Discussion and Analysis,” “Compensation of Executive Officers” and “Compensation of Directors” in the 2022 Proxy Statement, and that information is incorporated by reference herein. The information required by Item 407(e)(4) and 407(e)(5) of Regulation S-K will be included under the captions “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report” in the 2022 Proxy Statement, and that information is incorporated by reference herein.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 403 of Regulation S-K will be included under the caption “Stock Ownership Information” in the 2022 Proxy Statement, and that information is incorporated by reference herein.

### Equity Compensation Plan Information

Our equity compensation plans approved by our shareholders provide for the issuance of common stock to officers and other employees, directors and consultants. The following table sets forth information regarding outstanding options and units, and shares available for future issuance under these plans as of December 31, 2021:

Plan Category	Number of shares to be issued upon exercise of outstanding options and units	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by shareholders			
Stock options	1,709,379	\$121.83	
Deferred compensation	1,075,168		
Other stock units <sup>(1)</sup>	8,296,087		
Equity compensation plans not approved by shareholders	None	None	None
Total <sup>(2)</sup>	11,080,634	\$121.83	7,922,062

<sup>(1)</sup> Includes 766,802 shares issuable in respect of Performance-Based Restricted Stock Units subject to the satisfaction of performance criteria and assumes payout at maximum levels.

<sup>(2)</sup> Excludes the potential Performance Awards which the Compensation Committee has the discretion to pay in cash, stock or a combination of both after the three-year performance periods which end in 2022 and 2023.

For further information, see Note 17 to our Consolidated Financial Statements.

## Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 404 of Regulation S-K will be included under the caption “Related Person Transactions” in the 2022 Proxy Statement, and that information is incorporated by reference herein.

The information required by Item 407(a) of Regulation S-K will be included under the caption “Director Independence” in the 2022 Proxy Statement, and that information is incorporated by reference herein.

#### Item 14. Principal Accountant Fees and Services

Information about aggregate fees billed to us by our principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34) will be included under the caption "Independent Auditor Fees" in the 2022 Proxy Statement, and that information is incorporated by reference herein.

### PART IV

#### Item 15. Exhibits, Financial Statement Schedules

(a) List of documents filed as part of this report:

##### 1. Financial Statements

Our consolidated financial statements are as set forth under Item 8 of this report on Form 10-K.

##### 2. Financial Statement Schedules

All schedules are omitted because they are not applicable, not required or the information is included in the consolidated financial statements.

##### 3. Exhibits

- 3.1 [Amended and Restated Certificate of Incorporation of The Boeing Company dated May 5, 2006 \(Exhibit 3.1 to the Company's Current Report on Form 8-K dated May 1, 2006\)](#)
- 3.2 [By-Laws of The Boeing Company, as amended and restated effective August 31, 2021 \(Exhibit 3.2 to the Company's Current Report on Form 8-K dated September 1, 2021\)](#)
- 4.1 [Description of The Boeing Company Securities Registered under Section 12 of the Exchange Act \(Exhibit 4.1 to the Company's Form 10-K for the year ended December 31, 2019\)](#)
- 10.1 [364-Day Credit Agreement, dated as of October 25, 2021, among The Boeing Company, for itself and on behalf of its Subsidiaries, as a Borrower, the Lenders party hereto, Citibank, N.A., as administrative agent, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. and JPMorgan Chase Bank N.A., as joint lead arrangers and joint book managers \(Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 25, 2021\)](#)
- 10.2 [Two-Year Credit Agreement, dated as of March 19, 2021, among The Boeing Company, as Borrower, the Lenders party thereto, Citibank, N.A., as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, Bank of America, N.A. and Wells Fargo Bank, National Association, as documentation agents, and Citibank N.A., JPMorgan Chase Bank, N.A., BofA Securities, Inc. and Wells Fargo Securities, LLC, as joint lead arrangers and joint book managers \(Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 19, 2021\)](#)
- 10.3 [Five-Year Credit Agreement, dated as of October 30, 2019, among The Boeing Company, for itself and on behalf of its Subsidiaries, as a Borrower, the Lenders party hereto, Citibank, N.A., as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent and Citibank N.A. and JPMorgan Chase Bank, N.A., as joint lead arrangers and joint book managers \(Exhibit 10.2 to the Company's Current Report on Form 8-K dated October 30, 2019\)](#)

10.4	<a href="#">Three-Year Credit Agreement, dated as of October 30, 2019, among The Boeing Company, for itself and on behalf of its Subsidiaries, as a Borrower, the Lenders party hereto, Citibank, N.A., as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent and Citibank N.A. and JPMorgan Chase Bank, N.A., as joint lead arrangers and joint book managers (Exhibit 10.3 to the Company's Current Report on Form 8-K dated October 30, 2019)</a>
10.5	<a href="#">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)</a>
10.6	<a href="#">Joint Venture Master Agreement, dated as of May 2, 2005, by and among Lockheed Martin Corporation, The Boeing Company and United Launch Alliance, L.L.C. (Exhibit (10)(i) to the Company's Form 10-Q for the quarter ended June 30, 2005)</a>
10.7	<a href="#">Delta Inventory Supply Agreement, dated as of December 1, 2006, by and between United Launch Alliance, L.L.C. and The Boeing Company (Exhibit (10)(vi) to the Company's Form 10-K for the year ended December 31, 2006)</a>
10.8	<a href="#">Deferred Prosecution Agreement dated January 6, 2021 (Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 6, 2021)</a>
10.9	<a href="#">Summary of Non employee Director Compensation (Exhibit 10.6 to the Company's Form 10-K for the year ended December 31, 2019)*</a>
10.10	<a href="#">Deferred Compensation Plan for Directors of The Boeing Company, as amended and restated effective January 1, 2008 (Exhibit 10.2 to the Company's Current Report on Form 8-K dated October 28, 2007)*</a>
10.11	<a href="#">The Boeing Company Annual Incentive Plan, as amended and restated February 24, 2020 (formerly known as the Incentive Compensation Plan for Employees of The Boeing Company and Subsidiaries) (Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2020)*</a>
10.12	<a href="#">The Boeing Company 1997 Incentive Stock Plan, as amended effective May 1, 2000 and further amended effective January 1, 2008 (Exhibit 10.5 to the Company's Current Report on Form 8-K dated October 28, 2007)*</a>
10.13	<a href="#">Supplemental Executive Retirement Plan for Employees of The Boeing Company, as amended and restated as of January 1, 2016 (Exhibit (10)(xvi) to the Company's Form 10-K for the year ended December 31, 2015)*</a>
10.14	<a href="#">The Boeing Company Executive Supplemental Savings Plan, as amended and restated effective January 1, 2022*</a>
10.15	<a href="#">The Boeing Company Executive Layoff Benefits Plan, as amended and restated effective January 1, 2017 (Exhibit (10)(xviii) to the Company's Form 10-K for the year ended December 31, 2016)*</a>
10.16	<a href="#">The Boeing Company 2003 Incentive Stock Plan, as amended and restated effective December 9, 2021*</a>
10.17	<a href="#">Form of Non-Qualified Stock Option Grant Notice of Terms (Exhibit (10)(xvii)(b) to the Company's Form 10-K for the year ended December 31, 2010)*</a>
10.18	<a href="#">Form of U.S. Notice of Terms of Non-Qualified Stock Option (Exhibit 10.1 to the Company's 10-Q for the quarter ended March 31, 2021)*</a>
10.19	<a href="#">Form of International Notice of Terms of Non-Qualified Stock Option (Exhibit 10.2 to the Company's 10-Q for the quarter ended March 31, 2021)*</a>

10.20	<a href="#">Form of U.S. Notice of Terms of Non-Qualified Stock Option for CEO (Exhibit 10.3 to the Company's 10-Q for the quarter ended March 31, 2021)*</a>
10.21	<a href="#">Form of U.S. Notice of Terms of Restricted Stock Units (Exhibit 10.4 to the Company's 10-Q for the quarter ended March 31, 2021)*</a>
10.22	<a href="#">Form of International Notice of Terms of Restricted Stock Units (Exhibit 10.5 to the Company's 10-Q for the quarter ended March 31, 2021)*</a>
10.23	<a href="#">Form of U.S. Notice of Terms of Restricted Stock Units (Exhibit 10.6 to the Company's 10-Q for the quarter ended March 31, 2021)*</a>
10.24	<a href="#">Form of Notice of Terms of Supplemental Cash-based Award (Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 29, 2021)*</a>
10.25	<a href="#">Form of Notice of Terms of Supplemental Restricted Stock Units (Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 29, 2021)*</a>
10.26	<a href="#">Form of Notice of Terms of Supplemental Non-Qualified Stock Option (Exhibit 10.3 to the Company's Current Report on Form 8-K dated June 29, 2021)*</a>
10.27	<a href="#">Form of Notice of Terms of Performance-Based Restricted Stock Units (Exhibit 10.2 of the Company's 10-Q for the quarter ended March 31, 2018)*</a>
10.28	<a href="#">Form of Performance Award Notice (Exhibit 10.3 of the Company's 10-Q for the quarter ended March 31, 2018)*</a>
10.29	<a href="#">Form of Notice of Terms of Restricted Stock Units (Exhibit 10.1 to the Company's 10-Q for the quarter ended March 31, 2018)*</a>
10.30	<a href="#">Form of Notice of Terms of Supplemental Restricted Stock Units (Exhibit 10.4 to the Company's 10-Q for the quarter ended March 31, 2018)*</a>
10.31	<a href="#">Form of Notice of Terms of Supplemental Restricted Stock Units (Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 25, 2017)*</a>
10.32	<a href="#">Form of Notice of Terms of Performance-Based Restricted Stock Units (Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2020)*</a>
10.33	<a href="#">Form of Performance Award Notice (Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2020)*</a>
10.34	<a href="#">Form of Notice of Terms of Restricted Stock Units (Exhibit 10.5 to the Company's Form 10-Q for the quarter ended March 31, 2020)*</a>
10.35	<a href="#">Form of International Notice of Terms of Performance-Based Restricted Stock Units (Exhibit 10.6 to the Company's Form 10-Q for the quarter ended March 31, 2020)*</a>
10.36	<a href="#">Form of International Performance Award Notice (Exhibit 10.7 to the Company's Form 10-Q for the quarter ended March 31, 2020)*</a>
10.37	<a href="#">Form of International Notice of Terms of Restricted Stock Units (Exhibit 10.8 to the Company's Form 10-Q for the quarter ended March 31, 2020)*</a>
10.38	<a href="#">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)*</a>
10.39	<a href="#">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)*</a>
10.40	<a href="#">Form of International Notice of Terms of Supplemental Restricted Stock Units (Exhibit 10.2 to the Company's Form 10-Q for the quarter ended June 30, 2020)*</a>

10.41	<a href="#">Employment Agreement between Boeing Canada Operations LTD and Susan Doniz (Exhibit 10.1 to the Company's Form 10-Q for the quarter ended June 30, 2020)*</a>
21	<a href="#">List of Company Subsidiaries</a>
23	<a href="#">Consent of Independent Registered Public Accounting Firm</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002</a>
99.1	<a href="#">Commercial Program Method of Accounting (Exhibit (99)(i) to the Company's Form 10-K for the year ended December 31, 1997)</a>
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document contained in Exhibit 101

\* Management contract or compensatory plan

In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, copies of certain instruments defining the rights of holders of long-term debt of the Company are not filed herewith. Pursuant to this regulation, we hereby agree to furnish a copy of any such instrument to the SEC upon request.

#### **Item 16. Form 10-K Summary**

None.

**Signatures**

Pursuant to the requirements of Section 13 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, on January 31, 2022.

**THE BOEING COMPANY**

(Registrant)

By:

/s/ Carol J. Hibbard

Carol J. Hibbard – Senior Vice President and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on January 31, 2022.

/s/ David L. Calhoun

David L. Calhoun – President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Akhil Johri

Akhil Johri – Director

/s/ Brian J. West

Brian J. West – Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

/s/ David L. Joyce

David L. Joyce – Director

/s/ Carol J. Hibbard

Carol J. Hibbard – Senior Vice President and Controller  
(Principal Accounting Officer)

/s/ Lawrence W. Kellner

Lawrence W. Kellner – Chair of the Board

/s/ Robert A. Bradway

Robert A. Bradway – Director

/s/ Steven M. Mollenkopf

Steven M. Mollenkopf – Director

/s/ Lynne M. Doughtie

Lynne M. Doughtie – Director

/s/ John M. Richardson

John M. Richardson – Director

/s/ Lynn J. Good

Lynn J. Good – Director

/s/ Ronald A. Williams

Ronald A. Williams – Director

/s/ Stayce D. Harris

Stayce D. Harris – Director

**THE BOEING COMPANY  
EXECUTIVE SUPPLEMENTAL SAVINGS PLAN**

**AS AMENDED AND RESTATED  
EFFECTIVE JANUARY 1, 2022**

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## **ARTICLE I**

### **Introduction**

#### *Plan Overview*

The Boeing Company Executive Supplemental Savings Plan provides four separate components:

- (i) Extra Deferrals, the purpose of which is to provide a means by which eligible employees may defer payment of their base salaries and awards made under eligible incentive compensation plans (a traditional deferred compensation benefit);
- (ii) the Restoration Benefit, the purpose of which is to restore the benefits of eligible employees under The Boeing Company 401(k) Retirement Plan (“Boeing 401(k),” previously named The Boeing Company Voluntary Investment Plan), to the extent that these qualified plan benefits are limited by Code sections 415 and 401(a)(17);
- (iii) Executive Benefit, which includes Company Non-Elective Contributions, DC SERP Contributions, and historic Executive SSP+ Company Contributions; and
- (iv) DCP Accounts, which are the recordkeeping accounts established for Participants who participated in the Deferred Compensation Plan for Employees of The Boeing Company, which was frozen December 31, 2018 and merged into this Plan effective January 1, 2022.

#### *Plan History*

The Plan (originally named, the Supplemental Benefit Plan for Employees of The Boeing Company) (the “Plan”) was originally established effective January 1, 1978, by The Boeing Company.

The Plan has been amended and restated from time to time since its original effective date, including on January 1, 2008, to comply with section 409A of the Code.

As of January 1, 2022, the Plan is amended and restated to (A) reflect the merger of the Deferred Compensation Plan for Employees of The Boeing Company with and into the Plan, (B) eliminate Restoration SSP+ Company Contributions and Executive SSP+ Company Contributions, (C) add a new Restoration True-Up Contribution, Incentive Matching Contribution and Company Non-Elective Contribution, (D) simplify the mid-year enrollment provisions in the Participant Deferral component of the Plan, and (E) make certain other changes.

#### *Plan Status*

The Plan is a nonqualified deferred compensation plan subject to Code section 409A. It is also intended that the Plan shall be, in part, an excess benefit plan as defined in section 3(36) of the Employee Retirement Income Security Act of 1974, as amended (ERISA), to the extent benefits are paid in excess of the limits imposed by Code section 415. To the extent any part of the Plan is not an excess benefit plan, it is intended that the Plan is an unfunded plan maintained primarily

for the purpose of providing deferred compensation to a select group of management or highly compensated employees under sections 201(2), 301(a)(3), and 401(a)(1) of ERISA.

## **ARTICLE II**

### **Definitions**

#### **2.1 Account**

“Account” means the recordkeeping account established for each Participant, for purposes of accounting for the allocations made hereunder and the Earnings Credits thereon. Each Account will consist of the following sub-accounts, to the extent applicable, and the Earnings Credits thereon:

- (a) the Restoration Account (consisting of Restoration Deferrals, Restoration Matching Contributions, Restoration True-Up Contributions, and for periods prior to January 1, 2022, Restoration SSP+ Company Contributions);
- (b) the Extra Deferral Account (consisting of Extra Deferrals, Cash Incentive Deferrals, Incentive Matching Contributions, and Vested Performance Award Deferrals);
- (c) the Executive Benefit Account (consisting of Company Non-Elective Contributions, DC SERP Contributions and for periods prior to January 1, 2022, the Executive SSP+ Company Contributions); and
- (d) the DCP Account (consisting of DCP Deferrals and DCP Match made to the DCP prior to January 1, 2019).

#### **2.2 Administrator**

“Administrator” means the Employee Benefit Plans Committee of The Boeing Company.

#### **2.3 Affiliate or Subsidiary**

“Affiliate” or “Subsidiary” means a member of a controlled group of corporations (as defined in Code section 1563(a), determined without regard to Code sections 1563(a)(4) and (e)(3)(c)), a group of trades or businesses (whether incorporated or not) which are under common control within the meaning of Code section 414(c), or an affiliated service group (as defined in Code sections 414(m) or 414(o)), in each case of which The Boeing Company is a part.

#### **2.4 Authorized Period of Absence**

“Authorized Period of Absence” means a leave of absence approved by the Company.

#### **2.5 Base Pay**

“Base Pay” means an Employee’s base pay (salary) from the Company. For clarity, this is the same as an Employee’s “Compensation” as such term is defined under the Boeing 401(k), but determined (A) without regard to the limitation on such compensation under Code section 401(a)(17) and (B) prior to any deferrals of compensation made hereunder.

Notwithstanding anything herein to the contrary, Base Pay does not include amounts earned while an Employee is represented by a union with a collective bargaining agreement covering such Employee that does not provide for participation in the Plan.

In no event will Base Pay include payments under any incentive compensation or performance award plan, without regard to whether they are included in the definition of “Compensation” under the Boeing 401(k).

## **2.6 Base Pay Deferrals**

“Base Pay Deferrals” means deferrals of Base Pay that are made pursuant to Section 3.1(A).

## **2.7 Base Pay Rate**

“Base Pay Rate” means an Employee’s annual rate of Base Pay.

## **2.8 Beneficiary**

“Beneficiary” means the person or persons designated by a Participant to receive distributions from the Plan upon the Participant’s death, in accordance with the rules established by the Administrator. If no effective designation is on file, then the Beneficiary shall be the person or persons designated by a Participant under the Boeing 401(k) to receive any benefit payable from the Boeing 401(k) upon the death of the Participant. If no effective designation is on file under this Plan or the Boeing 401(k), or if the designated beneficiary does not survive the Participant, then the default beneficiary rules stated in the Boeing 401(k) will apply to determine the Beneficiary under the Plan. A Beneficiary may disclaim his or her benefit in accordance with the rules established by the Administrator, and in the case of an effective disclaimer, the Participant’s designation of such individual will be treated as ineffective and the rules described above for an ineffective beneficiary designation will apply.

## **2.9 Board of Directors**

“Board of Directors” means the board of directors of The Boeing Company.

## **2.10 Boeing 401(k)**

“Boeing 401(k)” means the Boeing 401(k) Retirement Plan, as amended.

## **2.11 BSS Plan**

“BSS Plan” means the BSS Retirement Plan, as amended.

## **2.12 Cash Incentive**

“Cash Incentive” means the amount awarded to the Participant under The Boeing Company Elected Officer Annual Incentive Plan or the Incentive Compensation Plan for Employees of The Boeing Company and Subsidiaries, as applicable.

Cash Incentive deferred by the Participant under Article III will be deemed to have been paid as if those amounts had not been deferred, for purposes of calculating Company Non-Elective Contributions under Article IV.

Cash Incentive that is paid after a Participant’s termination of employment from the Controlled Group will remain subject to the Participant’s deferral election under Article III, but will not be counted for purposes of calculating the Company Non-Elective Contribution under Article IV.

## **2.13 Cash Incentive Deferrals**

“Cash Incentive Deferrals” means deferrals of Cash Incentive that are made pursuant to Section 3.1(A).

## **2.14 Code**

“Code” means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision thereto and the regulations and rulings promulgated thereunder.

## **2.15 Company**

“Company” means The Boeing Company, its successors in interest, and any Affiliate or Subsidiary that has adopted this Plan with the consent of The Boeing Company. An Affiliate or Subsidiary is deemed to have adopted this Plan, and The Boeing Company is deemed to have consented to such adoption, if the Affiliate or Subsidiary (a) participates in the Boeing 401(k) and (b) is not an excluded employer for purposes of this Plan. A list of excluded employers, as updated from time to time, is attached hereto as Appendix A.

## **2.16 Company Contributions**

“Company Contributions” mean Restoration Matching Contributions, Restoration True-Up Contributions, Company Non-Elective Contributions, Incentive Matching Contributions, and DC SERP Contributions. For periods prior to January 1, 2022, Company Contributions also included Restoration SSP+ Company Contributions and Executive SSP+ Company Contributions.

**2.17 Company Non-Elective Contributions**

“Company Non-Elective Contributions” mean the contributions allocated pursuant to Section 4.4.

**2.18 Compensation**

“Compensation” means a Participant’s Base Pay, Cash Incentive, and Performance Awards.

**2.19 Compensation Committee**

“Compensation Committee” means the Compensation Committee of the Board of Directors.

**2.20 Contribution Credit**

“Contribution Credit” means the applicable percentage used to compute an eligible Participant’s DC SERP Contributions under Section 4.5.

**2.21 Controlled Group**

“Controlled Group” means the Company and any Affiliate or Subsidiary.

**2.22 DC SERP Contributions**

“DC SERP Contributions” means the contributions allocated pursuant to Section 4.5.

**2.23 Deferral Election**

“Deferral Election” means the elections made by an Eligible Employee to defer a portion of his or her eligible Compensation in accordance with Article III, including any Restoration Deferral Election and any Extra Deferral Election.

## **2.24 DCP**

“DCP” means the Deferred Compensation Plan for Employees of The Boeing Company, which was merged into this Plan effective January 1, 2022.

## **2.25 DCP Deferrals**

“DCP Deferrals” mean the portion of a Participant’s Base Pay, Cash Incentive, or Performance Awards, if any, that he or she elected to defer on a pre-tax basis under the DCP prior to January 1, 2019.

## **2.26 DCP Matching Contributions**

“DCP Matching Contributions” mean the matching contributions that were previously made under the DCP.

## **2.27 E-Series Payroll**

“E-Series Payroll” means the executive designation of level E-1 to E-5 at the Company.

## **2.28 Earnings Credits**

“Earnings Credits” means the adjustment to a Participant’s Account under Section 7.2, which may be positive or negative.

## **2.29 Election Period**

“Election Period” means the period or periods established by the Administrator during which an eligible Employee may submit Deferral Elections, all in accordance with such timing and other requirements as the Administrator may establish and, in all cases, the applicable rules under Code section 409A. In no event will (a) an annual Election Period expire later than December 31 of the Plan Year in which the election is made and/or (b) a mid-year Election Period be more than thirty (30) days after the Employee first becomes eligible to participate in the Plan.

## **2.30 Eligibility Determination Date**

“Eligibility Determination Date” means (a) for purposes of Section 3.1, with respect to any Plan Year, the November 1 of the preceding Plan Year (or, effective on and after November 1, 2021, such other date as determined by the Administrator with respect to any Employee(s); provided that such determination complies with the requirements of section 409A of the Code), and (b) for purposes of the definition of “Newly Eligible,” the date an Eligible Employee is hired or rehired into the status of an Eligible Employee.

## **2.31 Eligible Employee**

“Eligible Employee” means, with respect to any Plan Year (or portion of a Plan Year, in the case of a mid-year enrollment) if applicable, an individual who is an Employee and is paid on a U.S. dollar-based payroll as of the Eligibility Determination Date, and who has satisfied any additional requirements to make Extra Deferrals under Section 3.1(A) or 3.2, to make Restoration Deferrals under Section 3.1(B) or 3.2, to receive allocations of Restoration Matching Contributions under Section 4.1, to receive allocations of Restoration True-Up Contributions under Section 4.2, to receive allocations of Incentive Matching Contributions under Section 4.3, to receive allocations of Company Non-

Elective Contributions under Section 4.4, and/or to receive allocations of DC SERP Contributions under Section 4.5, in each case, if any and to the extent applicable.

Notwithstanding the foregoing or anything herein: (i) an Employee is an Eligible Employee only if the Employee is eligible for the Boeing 401(k), and is not eligible for The Boeing Company Supplemental Savings Plan and (ii) an Employee shall not be considered an Eligible Employee hereunder if the Administrator has excluded his or her employer from participation in the Plan. A list of excluded employers, as updated from time to time, is attached hereto as Appendix A.

#### **2.32 Employee**

“Employee” means any person who is employed by any member of the Controlled Group, is designated as a common law employee on such member’s payroll, and is assigned by such member to the E-Series Payroll.

#### **2.33 Extra Deferrals**

“Extra Deferrals” means any Base Pay Deferral, Cash Incentive Deferral or Vested Performance Award Deferral that a Participant elects to defer on a pre-tax basis in accordance with Section 3.1(A) and, to the extent applicable, Section 3.2(A).

#### **2.34 Executive SSP+ Company Contributions**

“Executive SSP+ Company Contributions” means the historic Executive SSP+ Company Contributions that were credited to a Participant’s Account with respect to periods prior to January 1, 2022.

#### **2.35 Incentive Matching Contributions**

“Incentive Matching Contributions” mean the contributions allocated pursuant to Section 4.3.

#### **2.36 Newly Eligible**

“Newly Eligible” means an individual who (i) is hired or rehired as an Employee, (ii) was not eligible to participate in the Plan or in a deferred compensation plan that is aggregated with the Plan under the aggregation rules of section 409A of the Code (including The Boeing Company Supplemental Savings Plan), other than the crediting of earnings, within the 24-month period immediately preceding the Eligibility Determination Date (or, has taken a full distribution of his or her interest in such plan), and (iii) is paid on a U.S. dollar-based payroll as of the Eligibility Determination Date.

### **2.37 Participant**

“Participant” means an Eligible Employee who has elected to defer Compensation or who is eligible to receive a Company Contribution hereunder, or for purposes of Articles V through X, an Employee or former Employee who has amounts credited to his or her Account.

### **2.38 Participant Deferrals**

“Participant Deferrals” mean Extra Deferrals and Restoration Deferrals.

### **2.39 Performance Awards**

“Performance Awards” means any award designated as such under The Boeing Company’s 2003 Incentive Stock Plan and any successor or other long-term incentive plan that may be maintained by the Company from time to time.

### **2.40 Plan**

“Plan” means The Boeing Company Executive Supplemental Savings Plan as herein set forth, together with any amendments that may be adopted from time to time.

### **2.41 Plan Year**

“Plan Year” means the calendar year.

### **2.42 PVP**

“PVP” means The Pension Value Plan for Employees of The Boeing Company, as amended.

### **2.43 Restoration Deferrals**

“Restoration Deferrals” means the portion of a Participant’s Compensation, if any, that he or she elects to defer on a pre-tax basis under this Plan in accordance with Section 3.1(B) and, to the extent applicable, Section 3.2.

### **2.44 Restoration Matching Contributions**

“Restoration Matching Contributions” means the amount credited to a Participant’s Account under Section 4.1.

### **2.45 Restoration SSP+ Company Contributions**

“Restoration SSP+ Company Contributions” means the historic Restoration SSP+ Company Contributions that were credited to a Participant’s Account with respect to periods prior to January 1, 2022.

#### **2.46 Restoration True-Up Contributions**

“Restoration True-Up Contributions” means the contributions allocated pursuant to Section 4.2.

#### **2.47 Separation from Service**

“Separation from Service” or “Separates from Service” means an Employee’s death, retirement or termination of employment from the Controlled Group within the meaning of Code section 409A. For purposes of determining whether a Separation from Service has occurred, Affiliates and Subsidiaries are defined by using the language “at least 80 percent” to define the controlled group under Code section 1563(a) in lieu of the 50 percent default rule stated in Treasury Regulation section 1.409A-1(h)(3).

A Separation from Service is deemed to include a reasonably anticipated permanent reduction in the level of services performed by an Employee to less than 50 percent of the average level of services performed by the Employee during the immediately preceding 36-month period.

#### **2.48 Service**

“Service” means the Participant’s years of service with the Controlled Group, determined in the same manner as the service time calculation under the Boeing Service Awards Program procedure, in completed whole years.

#### **2.49 Specified Employee**

“Specified Employee” means an Employee who is a “specified employee” within the meaning of Code section 409A. Specified Employee status is determined on the last day of the prior Plan Year, to take effect as of April 1 of the Plan Year for a 12-month period. Notwithstanding the foregoing, Specified Employees shall be determined by including the employees who are reasonably determined to be the 75 top-paid officers of the Controlled Group as of the determination date, rather than the 50 top-paid officers as provided under Code section 416(i)(1)(A), to the extent permitted under Code section 409A.

#### **2.50 Unforeseeable Emergency**

“Unforeseeable Emergency” means “unforeseeable emergency” within the meaning of Code section 409A, as determined by the Administrator.

#### **2.51 Vested Performance Award Deferrals**

“Vested Performance Award Deferrals” means deferrals of Performance Awards under Section 3.1(A).

**ARTICLE III**  
**Participant Deferrals**

**3.1 Annual Participation and Deferrals – Eligibility**

The Plan provides Eligible Employees with two ways to defer Compensation on a pre-tax basis– the Extra Deferral component and the Restoration Deferral component. Only Eligible Employees will be permitted to participate.

Elections to take effect with respect to a full Plan Year will generally be made during the annual Election Period.

**(A) Extra Deferral Component**

An individual is an Eligible Employee for purposes of making an Extra Deferral Election for a Plan Year if he or she is an Employee paid on a U.S. dollar-based payroll as of the Eligibility Determination Date.

In any Extra Deferral Election, an Eligible Employee may defer up to a maximum of: (i) in the case of Base Pay Deferrals, 50% of his or her Base Pay payable in the Plan Year to which the Deferral Election applies, (ii) in the case of Cash Incentive Deferrals, 100% of his or her Cash Incentive earned in the Plan Year to which the Deferral Election applies (even if payable in a subsequent Plan Year), and/or (iii) in the case of Vested Performance Award Deferrals, 100% of his or her Performance Awards granted in the Plan Year to which the Deferral Election applies, which grant generally covers the next three (3) Plan Years (even if payable in a subsequent Plan Year). For clarity, Extra Deferrals will be made without regard to the Code section 401(a)(17) and 415(c) limitations.

Extra Deferrals will be credited to the Participant's Account on the date the Compensation would otherwise be payable, or as soon thereafter as administratively feasible.

**(B) Restoration Deferral Component**

In any Restoration Deferral Election, an Eligible Employee may elect a deferral percentage up to the maximum percentage of his or her Base Pay that the Employee can elect to contribute on a pre-tax, after-tax and/or Roth basis under the Boeing 401(k). Restoration Deferrals will be made from the Eligible Employee's Base Pay only after either: (1) Base Pay for the applicable Plan Year reaches the limitation under Code section 401(a)(17), as indexed, for such Plan Year or (2) the Participant's annual additions under the Boeing 401(k) for the applicable Plan Year reach the dollar limitation of Code section 415(c), as indexed.

Restoration Deferrals will be credited to the Participant's Account on the date the Compensation would otherwise be payable, or as soon thereafter as administratively feasible.

### **3.2 Mid-Year Participation– Eligibility**

To the extent permitted by and in accordance with the rules prescribed by the Administrator, an Employee who is Newly Eligible during a Plan Year may elect (A) Extra Deferrals up to a maximum of 50% of the Base Pay earned and payable in each full regular pay period commencing after the end of the Election Period (or such other date determined by the Administrator in accordance with Code Section 409A) for the remainder of the applicable Plan Year, (B) Restoration Deferrals (if the Eligible Employee satisfies the criteria of this Section) and (C) the form and time of distribution of the Account with respect to such Plan Year, as permitted by Section 6.1. Such mid-year elections will be made during the mid-year Election Period. Different mid-year election rules applied with respect to Plan Years prior to January 1, 2022. Mid-year elections cannot be made for Cash Incentive Deferrals or Vested Performance Award Deferrals.

In any mid-year Restoration Deferral election, an Eligible Employee will be permitted to make a Restoration Deferral election with respect to Base Pay earned and payable in each full regular pay period commencing after the end of the Election Period for the remainder of such Plan Year up to the maximum percentage of his or her Base Pay that the Employee can elect to contribute on a pre-tax, after-tax and/or Roth basis under the Boeing 401(k) for such period. Restoration Deferrals will be made from the Eligible Employee's Base Pay only after either: (1) Base Pay for the applicable Plan Year reaches the limitation under Code section 401(a)(17), as indexed, for such Plan Year or (2) the Participant's annual additions under the Boeing 401(k) for the applicable Plan Year reach the dollar limitation of Code section 415(c), as indexed.

### **3.3 Deferral Elections**

An Eligible Employee may elect to defer a percentage of his or her eligible Compensation for a Plan Year (or portion of a Plan Year in the case of a mid-year enrollment) on a pre-tax basis by executing and delivering one or more timely Deferral Election(s) in accordance with the provisions of this Section 3.3. The type and amount of eligible Compensation that may be deferred is described in Section 3.1 (for annual deferrals) and Section 3.2 (for mid-year deferrals).

Notwithstanding anything herein to the contrary, to the extent any Eligible Employee had in effect an active (A) Restoration Deferral Election under this Plan immediately prior to its amendment and restatement as of January 1, 2019 and does not timely change such Restoration Deferral Election with respect to the Plan Year beginning on January 1, 2019, such Eligible Employee shall be deemed to have continued such active Restoration Deferral Election with respect to the Plan Year beginning on January 1, 2019 and (except as otherwise provided below for Employees who cease to be Eligible Employees) future Plan Years on an "evergreen basis" unless and until such Eligible Employee changes such Restoration Deferral Election in accordance with this Section 3.3; or (B) election to defer compensation under the DCP immediately prior to that plan's amendment and restatement as of January 1, 2019 and fails either to make a timely Extra Deferral Election or to indicate affirmatively that he or she does not wish to make an Extra Deferral Election with respect to the Plan Year beginning on January 1, 2019, such Eligible Employee shall be deemed to have made an Extra Deferral Election identical to such election to defer compensation under the DCP with respect to the Plan Year beginning on January 1, 2019 and (except as otherwise provided below for Employees who cease to be Eligible Employees) future Plan Years on an "evergreen basis" unless and until such Eligible Employee changes such Extra Deferral Election in accordance with this Section 3.3.

(A) Deferral Elections

An Eligible Employee's Deferral Election(s) must be made in accordance with rules established by the Administrator. An Eligible Employee may make separate Extra Deferral Elections with respect to Base Pay, Cash Incentive and Performance Awards and/or a separate Restoration Deferral Election with respect to Base Pay, each to the extent described in Section 3.1 or 3.2, as applicable.

Eligible Employees may make new Deferral Elections for each succeeding Plan Year. An Eligible Employee's Deferral Election will be "evergreen" – it will carry-over from Plan Year to Plan Year (or from a partial Plan Year to the subsequent Plan Year in the case of a mid-year enrollment) unless it is changed or cancelled in accordance with rules established by the Administrator or as otherwise provided in this Plan.

In the case of an Employee who ceases to be an Eligible Employee during the Plan Year (e.g., due to a reclassification as other than E-Series Payroll or Separation from Service) the Employee's Deferral Election(s) shall remain in effect with respect to the Plan Year in which the Employee ceases to be an Eligible Employee, but will automatically be cancelled with respect to future Deferrals (i.e., Deferrals with respect to subsequent Plan Years).

(B) Distribution Elections

Deferral Elections will include an option to elect the form and timing of distribution with regard to the Participant Deferrals, as described in Article VI, as applicable.

Any election made as to the form and timing of distribution with respect to Restoration Deferrals will apply to the Participant's entire Restoration Account.

(C) Timing and Irrevocability of Elections

In general, the Deferral Election must be filed during the applicable Election Period.

Deferral Elections with respect to a full Plan Year will generally become irrevocable as of the end of the Election Period. Deferral Elections with respect to a mid-year participation will become irrevocable as of the last day of the mid-year Election Period.

Once Deferral Elections become irrevocable they generally may not be modified with respect to the Plan Year, and the Compensation, to which they apply. Likewise, an Employee who makes a Restoration Deferral Election will be subject to restrictions on mid-year contribution election changes under the Boeing 401(k), in accordance with the terms of the Boeing 401(k).

See Section 3.4 for a limited exception to the general rule on the irrevocability of Deferral Elections, in the event of Unforeseeable Emergency.

(D) No Mid-Year Elections

Except as provided in this Article III, an Employee who becomes Newly Eligible during a Plan Year (including as a result of a salary increase) will not be eligible to make Participant Deferrals during such Plan Year.

**3.4 Cancellation of Deferral Election Due to Unforeseeable Emergency**

Notwithstanding the irrevocability rule described in Section 3.3, a Participant will be permitted to cancel an existing Deferral Election with regard to a Plan Year during that Plan Year, if the Participant incurs an Unforeseeable Emergency, as determined by the Administrator.

If a Participant has elected and received a distribution due to an Unforeseeable Emergency under Section 6.1(I), the Participant will be deemed to have elected to cancel his or her Deferral Election(s) that relate to Base Pay for the remainder of the applicable Plan Year.

**3.5 Crediting of Deferrals to Account**

In all cases, Participant Deferrals will be credited to the Participant's Account on the date the Compensation would otherwise have been payable, or as soon thereafter as administratively feasible.

**ARTICLE IV**  
**Company Contributions**

**4.1 Restoration Matching Contributions**

A Participant who defers Base Pay pursuant to a Restoration Deferral Election under Section 3.3 will be credited with a Restoration Matching Contribution from the Company related to such Restoration Deferrals. This Restoration Matching Contribution will equal a percentage (determined based on the matching contribution formula applicable to the Participant under the Boeing 401(k) for the Plan Year) of the Participant's Restoration Deferrals for the Plan Year.

Restoration Matching Contributions under this Plan apply only to Participant Deferrals of Base Pay made pursuant to a Restoration Deferral Election. Restoration Matching Contributions will not be made with respect to Participant Deferrals of Base Pay made pursuant to an Extra Deferral Election.

An Eligible Employee must make a timely Restoration Deferral Election, as described in Section 3.3, to become eligible to participate in the Restoration Matching Contribution component of the Plan. Distribution elections are discussed in Article VI.

Restoration Matching Contributions will be credited to the Participant's Account on the date that the underlying Restoration Deferrals are credited to the Participant's Account.

**4.2 Restoration True-Up Contributions**

The Company may choose to make a Restoration True-Up Contribution to this Plan on behalf of certain Eligible Employees. The Restoration True-Up Contribution, if any, will be equal to the portion of the matching contribution true-up that would have been made to the Boeing 401(k) for the Eligible Employee but for the limitations imposed by Code section 415(c), as determined by the Committee in its sole discretion; provided that no Company Non-Elective Contribution will be made if the Employee terminates from employment prior to the last business day of the Plan Year for any reason other than retirement (for this purpose, after attaining age 55 with 10 years of service or after attaining age 62 with 1 year of service), disability (for this purpose, meaning the Eligible Employee is determined to be disabled by the Social Security Administration), layoff, or death.

An Eligible Employee for purposes of this Section 4.2 need not make (or be eligible to make) a timely Restoration Deferral Election for a Plan Year in order to receive an allocation of Restoration True-Up Contributions for such Plan Year. Available distribution elections are discussed in Article VI.

The Restoration True-Up Contribution, if any, will be credited to the Participant's Account on the date that true-up contributions are made to the Boeing 401(k), or as soon as thereafter administratively feasible.

#### **4.3 Incentive Matching Contributions**

Subject to the conditions of this Section 4.3, a Participant who makes Cash Incentive Deferrals under Section 3.3 will be credited with an Incentive Matching Contribution from the Company related to such Cash Incentive Deferrals. This Incentive Matching Contribution will equal a percentage (determined based on the matching contribution formula applicable to the Participant under the Boeing 401(k) for the Plan Year) of the Participant's Cash Incentive Deferrals for the Plan Year.

An Eligible Employee must make a timely Cash Incentive Deferral Election, as described in Section 3.3, to become eligible for the related Incentive Matching Contributions. Distribution elections are discussed in Article VI.

Incentive Matching Contributions will be credited to the Participant's Account on the date that the underlying Cash Incentive Deferrals are credited to the Participant's Account.

Notwithstanding the foregoing, no Incentive Matching Contribution will be made with respect to any Cash Incentive Deferrals that are paid (or, but for the Participant's Cash Incentive Deferral election, would be paid) after the date the Participant terminates from employment.

#### **4.4 Company Non-Elective Contributions (Component of the Executive Benefit)**

The Company may make a Company Non-Elective Contribution to this Plan with respect to a Plan Year on behalf of certain Eligible Employees; provided that no Company Non-Elective Contribution will be made if the Employee terminates from employment prior to the last business day of the Plan Year for any reason other than retirement (for this purpose, after attaining age 55 with 10 years of service or after attaining age 62 with 1 year of service), disability (for this purpose, meaning the Eligible Employee is determined to be disabled by the Social Security Administration), layoff, or death.

The Company Non-Elective Contribution for a Plan Year will equal a percentage of the eligible Participant's Compensation paid by the Company during the applicable pay periods within such Plan Year. This percentage will be equal to the Company discretionary non-elective contribution percentage for which the Participant is eligible for such pay period under the Boeing 401(k).

An Eligible Employee for purposes of this Section 4.4 need not make (or be eligible to make) deferrals to the Plan in order to receive an allocation of Company Non-Elective Contributions for such Plan Year. Available distribution elections are discussed in Article VI.

A Company Non-Elective Contribution will be credited to the Participant's Account on the date the related Company 401(k) Non-Elective Contribution is made to the Boeing 401(k), or as soon thereafter as administratively feasible.

## 4.5 DC SERP Contributions (Component of the Executive Benefit)

### (A) Eligibility

An Employee is eligible to receive DC SERP Contributions with respect to a Plan Year for so long as he or she satisfies the conditions in either (i) or (ii) below. Notwithstanding anything herein to the contrary, no DC SERP Contributions will be made for: (i) any elected officer on or after January 1, 2020, or (ii) any Employee who is hired or promoted onto the E-Series Payroll on or after January 1, 2020.

#### (i) *Hired Between January 1, 2009 and December 31, 2019*

An Employee satisfies the conditions in this subsection (i) if:

- (a) The Employee was hired on or after January 1, 2009, but before January 1, 2020,
- (b) The Employee is on the E-Series Payroll in level E-1, E-2, or E-3, and was on the E-Series Payroll (in any level E-1 through E-5) as of December 31, 2019,
- (c) The Employee is not an elected officer of the Company, and
- (d) The Employee is ineligible to accrue benefits under any defined benefit plan maintained by the Controlled Group.

#### (ii) *Hired Before January 1, 2009*

An Employee satisfies the conditions in this subsection (ii) if:

- (a) The Employee was hired before January 1, 2009,
- (b) The Employee was on the E-series Payroll (in any level E-1 through E-5) as of December 31, 2019, and
- (c) The Employee is not an elected officer of the Company.

For purposes of determining eligibility for the DC SERP, the term “hired” generally refers to an Employee’s most recent date of hire or rehire with the Company, except as provided below, regardless of the date on which the Employee joins the E-Series Payroll.

For this purpose:

- (a) Approved Leaves of Absence. A return to the Controlled Group directly from an approved leave of absence, without incurring a termination of employment, is not considered a rehire.

For this purpose, an Employee’s period of employment with ULA or USA will be considered an approved leave of absence, to the extent that the Employee first transferred directly from the Controlled Group to ULA or USA and subsequently transferred directly from ULA or USA back to the Controlled Group.

- (b) Transfers. A transfer of employment among members of the Controlled Group, without interruption, is not considered a rehire and, accordingly, the most recent date of hire or rehire for purposes of determining such a transferred Employee's eligibility would be the Employee's most recent date of hire or rehire with the Company's controlled group member from which the Employee transferred.
- (c) Layoffs. A rehire to the Controlled Group following a termination of employment due to layoff generally will not be treated as a rehire, if rehire occurs within six years of the layoff event. However, a laid off Employee who commences a retirement benefit during this six year period will be treated as a rehire if he or she later rehires to the Controlled Group.

An individual who became a "group-acquired employee" after September 30, 2008 and before January 1, 2009 will be deemed to have been hired on or after January 1, 2009, for purposes of determining eligibility to receive a contribution for periods on and after January 1, 2009. No contribution will be paid prior to January 1, 2009. For this purpose, a "group-acquired employee" refers to an employee of the Company who became such as an immediate or ultimate result of a merger to which the Company was a party, or of the acquisition by the Company of all or part of the assets, businesses or capital stock of another corporation or firm.

(B) DC SERP Participation

An Eligible Employee will be a Participant in the DC SERP for the period(s), if any, that the Employee satisfies the eligibility conditions in Section 4.5(A).

(C) DC SERP Contributions

Each Participant eligible for DC SERP Contributions shall be entitled to contributions under this Plan as described below.

(i) *Payroll Contributions*

Contributions will be credited to the Participant's Account on the date the Base Pay and Cash Incentive otherwise would be payable, or as soon thereafter as administratively feasible.

(a) Hired Between January 1, 2009 and December 31, 2019

A Participant described in Section 4.5(A)(i) (Hired Between January 1, 2009 and December 31, 2019) will receive a DC SERP contribution equal to a Contribution Credit times the sum of the Participant's Base Pay and Cash Incentive, for each applicable pay period. The Contribution Credit for a pay period is determined by the Participant's level as of such pay period as follows:

- (1) 2%, for a Participant at level E-2 through E-3.

- (2) 4%, for a Participant at level E-1.

If a Participant changes levels during a pay period, the Participant's level as in effect on the last day of the pay period will apply. For purposes of calculating the DC SERP contribution, a Participant's Base Pay and Cash Incentive will be counted solely to the extent that (1) the Participant is on the E-Series Payroll during the applicable pay period or (2) such Cash Incentive is paid after a Participant's termination of employment from the Controlled Group but on or before such Participant receives his or her final regular paycheck.

(b) Hired Before January 1, 2009

A Participant described in Section 4.5(A)(ii) (Hired Before January 1, 2009) will receive a DC SERP contribution equal to a Contribution Credit times the sum of the Participant's Base Pay and Cash Incentive, for each applicable pay period. For purposes of calculating the DC SERP contribution, a Participant's Base Pay and Cash Incentive will be counted solely to the extent that (1) the Participant is on the E-Series Payroll during the applicable pay period or (2) such Cash Incentive is paid after a Participant's termination of employment from the Controlled Group but on or before such Participant receives his or her final regular paycheck.

The Contribution Credit will equal the sum of (i) and, if applicable, (ii):

- (1) 5%

- (2) For a Participant who has attained age 55 (or will attain age 55 by the end of a Plan Year), 0.5% times the Participant's whole years of Benefit Service (as defined under the PVP and/or BSS Plan, as applicable, and determined as of January 1, 2016), subject to the limitation herein. The supplemental percentage credited under this subsection (ii) will be contributed for a period not to exceed seven years. This seven-year period will commence on January 1, 2016 (or on January 1 of the year in which the Participant attains age 55, or on the date of promotion to the E-Series Payroll, whichever is latest) and will be measured in the aggregate over a Participant's lifetime (i.e., regardless of whether the Participant has multiple periods of employment with the Controlled Group).

(ii) *One-Time Contribution*

An Employee who satisfies the requirements described in Section 4.5(A)(i) (Hired Between January 1, 2009 and December 31, 2019), and who is first promoted to a level of E-1 through E-3 (from a position at a level of E-4 or E-5) during the Plan Year, will receive a one-time additional contribution equal to the product of (a), (b) and (c) below.

- (a) 2%
- (b) The sum of:
  - (1) the Participant's Base Pay Rate in effect immediately following the promotion, and
  - (2) his or her Cash Incentive target percentage multiplied by the Base Pay Rate, both as in effect immediately following the promotion.
- (c) The Participant's whole years of Service as of the date of first promotion to a level of E-1 through E-3 (from a position at a level of E-4 or E-5); provided that, for such purpose, a Participant's years of Service will be limited to Service earned since his or her most recent hire date.

This amount will be credited to the Participant's Account as of the date of first promotion to a level of E-1 through E-3, or as soon thereafter as administratively feasible.

A Participant who has received a one-time contribution under this Section upon promotion to a level of E-1 through E-3 will be ineligible for any further contributions under this subsection (C)(ii).

**ARTICLE V**  
**Vesting and Forfeiture Rules**

**5.1 Vesting**

This Article V describes the vesting and forfeiture rules applicable to certain benefits under the Plan. In addition to the rules set forth in this Article V, see Section 7.4 regarding missing participants and improper credits, Section 10.2 regarding anti-assignment, Section 10.3 regarding the unfunded nature of this Plan, and Appendix B for forfeiture rules applicable to the DCP Account.

**5.2 Extra Deferral Vesting**

A Participant's interest in his or her Extra Deferral Account will be 100% vested at all times.

**5.3 Restoration Vesting**

A Participant's interest in his or her Restoration Account will be 100% vested at all times.

**5.4 Executive Benefit Vesting**

Subject to Section 5.5 and Section 5.6, a Participant's interest in his or her Executive Benefit Account will be 100% vested at all times.

**5.5 Executive SSP+ Company Contribution Forfeiture Rules**

The Administrator may determine, in its sole discretion, that a Participant will forfeit any part or all of the portion of his or her legacy Executive SSP+ Company Contribution Account that is attributable to Executive SSP+ Company Contributions made on and after January 1, 2017, if any of the following circumstances occur while employed by the Controlled Group or within five (5) years after termination of such employment:

- (A) The Participant is convicted of a felony involving theft, fraud, embezzlement, or other similar unlawful acts against the Controlled Group or against the Controlled Group's interests. For purposes of this Plan, "other similar unlawful acts against the Controlled Group or against the Controlled Group's interests" shall include any other unlawful act (i) committed against the Controlled Group, or the interests of the Controlled Group, including, but not limited to, a governmental agency or instrumentality which conducts business with the Controlled Group, or a customer of the Controlled Group, or (ii) affecting the Controlled Group or the interests of the Controlled Group, in such a manner that is determined to be detrimental to, prejudicial to or in conflict with the Controlled Group or the interests of the Controlled Group, as determined by the Administrator in its sole discretion.
- (B) The Participant, directly or indirectly, engages in any activity, whether individually or as an employee, consultant or otherwise, which the Administrator determines, in its sole discretion, to be an activity in which the Participant is "engaging in competition" with any significant aspect of Controlled Group business. For purposes of this Plan, "engaging in competition" shall include but is not limited to representing, providing services to, or being an employee of or associated in a business capacity with, any person or entity that is engaged, directly or indirectly, in competition with any Controlled Group business or that takes a position adverse

to any Controlled Group business, regardless of the position or duties the Participant takes, in such a manner that is determined to be detrimental to, prejudicial to or in conflict with the interests of the Controlled Group, all as determined by the Administrator in its sole discretion.

- (C) The Participant, without the advance approval of The Boeing Company's Senior Vice President of Human Resources (or successor position thereto), induces or attempts to induce, directly or indirectly, any of the Controlled Group's employees, representatives or consultants to terminate, discontinue or cease working with or for the Controlled Group, or to breach any contract with the Controlled Group, in order to work with or for, or enter into a contract with, the Participant or any third party.
- (D) The Participant disparages or otherwise makes any statements about the Controlled Group, its products, or its employees that could be in any way viewed as negative or critical. Nothing in this paragraph will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial, or arbitral proceedings.
- (E) The Participant uses or discloses proprietary or confidential information, including but not limited to trade secrets, of the Controlled Group. Nothing in this paragraph will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial, or arbitral proceedings.

To the extent the Participant has already received or commenced payment of such portion of his or her Executive SSP+ Company Contribution Account, the Administrator will be entitled to pursue any and all legal and equitable relief against the Participant to enforce the forfeiture of and recover the amount distributed from such Executive SSP+ Company Contribution Account. The forfeiture provisions will continue to apply unless and to the extent modified by a court of competent jurisdiction. However, if any portion of these forfeiture provisions is held by such a court to be unenforceable, these provisions shall be deemed amended to limit their scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect.

In addition, the Administrator will, in all appropriate circumstances, require reimbursement of any Executive SSP+ Company Contribution Account attributable to Executive SSP+ Company Contributions made on and after January 1, 2017, which are attributable to an incentive award that the Controlled Group seeks to recover under the clawback provision of any plan providing Cash Incentive.

## 5.6 DC SERP Vesting

No payments shall be made from a Participant's DC SERP Account except to the extent such Participant is vested in his or her DC SERP Account.

### (A) General DC SERP Vesting Rule for Participants Hired Between January 1, 2009 and December 31, 2019

A Participant described in Section 4.5(A)(i) (Hired Between January 1, 2009 and December 31, 2019) will vest 100% in his or her DC SERP Account component(s) covered under this subsection (A) on the date the Participant satisfies the conditions in any of (i), (ii) or (iii) below.

- (i) The Participant has been on the E-Series Payroll at a level of E-1 through E-3 for a period of 36 consecutive months. (For Participants with prior periods of employment, a period of consecutive months before January 1, 2009 on the E-Series Payroll at a level of E-1 through E-3 will be counted for purposes of determining whether this 36 consecutive month requirement has been satisfied.)
- (ii) The Participant dies while an Employee.
- (iii) The Participant is laid off from a position at level E-1 through E-3 and is eligible for benefits under The Boeing Company Executive Layoff Benefits Plan.

See subsection (C) below for additional vesting rules for these Participants based on age and Service.

### (B) General DC SERP Vesting Rule for Participants Hired Before January 1, 2009

A Participant described in Section 4.5(A)(ii) (Hired Before January 1, 2009) will vest 100% in his or her DC SERP Account component covered under this subsection (B) on the date the Participant satisfies the conditions in any of (i), (ii) or (iii) below.

- (i) The Participant has been on the E-Series Payroll for a period of 36 consecutive months. For a Participant on the E-Series Payroll as of January 1, 2016, a period of consecutive months before January 1, 2016 on the E-Series Payroll will be counted for purposes of determining whether this 36 consecutive month requirement has been satisfied.
- (ii) The Participant is fully vested under the PVP and/or BSS Plan, as applicable, and dies while an Employee before his or her DC SERP Account commences payment under this Plan.
- (iii) The Participant is laid off from an E-Series position and is eligible for benefits under The Boeing Company Executive Layoff Benefits Plan.

(C) Special Vesting Rules for Participants Hired Between January 1, 2009 and December 31, 2019 with 55/10 or 62/1

Special vesting rules apply for a Participant described in Section 4.5(A)(i) (Hired Between January 1, 2009 and December 31, 2019) who has attained either (i) or (ii) while employed by the Controlled Group.

- (i) Age 55 with 10 years of Service, or
- (ii) Age 62 with one year of Service.

This Participant will be 100% vested in the portion of his or her DC SERP Account described in Section 4.5(C)(i) (Payroll Contributions) after he or she has been on the E-Series Payroll for a period of 36 consecutive months.

This Participant will vest ratably in the portion of his or her DC SERP Account described in Section 4.5(C)(ii) (One-Time Contribution), if any, at the rate of 1/36 for each consecutive month that the Participant is on the E-Series Payroll at a level of E-1 through E-3, starting with the date on which the Participant was first promoted to the E-Series Payroll at a level of E-1 through E-3. This pro rata vesting rule is not intended to preclude the acceleration of vesting under subsections (A)(ii) (death) or (iii) (layoff) above, if applicable.

(D) Authorized Period of Absence

For purposes of this Section, an Authorized Period of Absence from the E-Series Payroll will count as a period on the E-Series Payroll, and an Authorized Period of Absence from a position at level E-1 through E-3 will count as a period at these levels.

If an Employee ceases to be at the applicable level for any reason other than an Authorized Period of Absence, and the Employee later returns to a position at the applicable level, these non-consecutive periods of service will not be aggregated for purposes of determining whether the 36-consecutive month requirement has been met.

(E) Transfers to and from ULA and USA

For purposes of computing vesting for a Participant who transfers employment directly from the Controlled Group to ULA or USA, uninterrupted service at ULA or USA as an executive in a position at a comparable level will be credited toward the 36 consecutive months requirements described herein, provided that the Participant transfers directly from the E-Series Payroll (or a position at level E-1 through E-3 if applicable) at the Controlled Group to comparable executive status at ULA or USA, as applicable. ULA and USA service will not be credited toward vesting under this Plan for any period following the Participant's removal from this executive status. For purposes of computing vesting for a participant who transfers employment directly from ULA or USA to the Controlled Group, uninterrupted service at ULA or USA as an executive at a position comparable to the E-Series Payroll (or a position at level E-1 through E-3, if applicable) will be credited toward the 36 consecutive months requirements described herein, provided that the Participant transfers directly from this executive status at ULA or USA to a position at a comparable level at the Controlled Group. ULA and USA service will not be credited toward vesting under this Plan for any period

prior to the Participant's attainment of this executive status at ULA or USA, as applicable.

(F) Impact of Separation from Service/Transfer

- (i) Payroll Contributions. If a Participant Separates from Service (other than due to an Authorized Period of Absence) or transfers off of the E-Series Payroll (or a position at level E-1 through E-3, if applicable) *before* becoming 100% vested in the payroll contribution portion of his or her DC SERP Account described in Section 4.5(C)(i)(A) and/or (i)(B), as applicable, the Participant will forfeit all rights to the nonvested portion of his or her DC SERP Account attributable to the period prior to his or her Separation from Service or transfer. To the extent any benefit under this Plan becomes vested during an Authorized Period of Absence that continues after a deemed Separation from Service, it will remain subject to the payment timing rules under Section 6.1.
- (ii) One-Time Contributions. If a Participant stops accruing service toward satisfaction of applicable vesting requirements (such as due to a Separation from Service) after becoming partially vested in the one-time contribution portion of the DC SERP Account, under subsection (C) above, and the Participant subsequently resumes accruing service toward satisfaction of applicable vesting requirements, the DC SERP Account accrued after such resumption will not be vested until the Participant satisfies the requirements of subsection (A) or (C) above following such resumption.
- (iii) Multiple DC SERP Account Components. Separate vesting requirements apply to each component of a Participant's DC SERP Account described in Sections 4.4(C)(i)(a), (i)(b), and (ii). This means that a Participant who has accrued more than one DC SERP Account component (such as, due to a Separation from Service and subsequent rehire) must satisfy the vesting requirements applicable to each such component. If a Participant Separates from Service *after* becoming 100% vested in a particular DC SERP Account component, the Participant will be fully vested in any additional accruals under the same DC SERP Account component following rehire or return (even if the Participant fails to be at the applicable pay level for 36 consecutive months following rehire or return). The Participant will not, however, be fully vested in any amounts accrued under a *different* DC SERP Account component unless and until the corresponding applicable vesting requirements under this Section 5.5 otherwise have been satisfied.

See Section 7.4 regarding missing participants and improper credits, Section 10.2 regarding anti-assignment, and Section 10.3 regarding the unfunded nature of this Plan. Any amounts forfeited hereunder will not later be reinstated.

## 5.7 DC SERP Forfeiture Rules

The Administrator may determine, in its sole discretion, that a Participant will forfeit any part or all of his or her DC SERP Account if any of the following circumstances occur while employed by the Controlled Group or within five (5) years after termination of such employment:

- (A) The Participant is convicted of a felony involving theft, fraud, embezzlement, or other similar unlawful acts against the Controlled Group or against the Controlled Group's interests. For purposes of this Plan, "other similar unlawful acts against the Controlled Group or against the Controlled Group's interests" shall include any other unlawful act (i) committed against the Controlled Group, or the interests of the Controlled Group, including, but not limited to, a governmental agency or instrumentality which conducts business with the Controlled Group, or a customer of the Controlled Group, or (ii) affecting the Controlled Group or the interests of the Controlled Group, in such a manner that is determined to be detrimental to, prejudicial to or in conflict with the Controlled Group or the interests of the Controlled Group, as determined by the Administrator in its sole discretion.
- (B) The Participant, directly or indirectly, engages in any activity, whether individually or as an employee, consultant or otherwise, which the Administrator determines, in its sole discretion, to be an activity in which the Participant is "engaging in competition" with any significant aspect of Controlled Group business. For purposes of this Plan, "engaging in competition" shall include but is not limited to representing, providing services to, or being an employee of or associated in a business capacity with, any person or entity that is engaged, directly or indirectly, in competition with any Controlled Group business or that takes a position adverse to any Controlled Group business, regardless of the position or duties the Participant takes, in such a manner that is determined to be detrimental to, prejudicial to or in conflict with the interests of the Controlled Group, all as determined by the Administrator in its sole discretion.
- (C) The Participant, without the advance approval of The Boeing Company's Senior Vice President of Human Resources (or equivalent but for title), induces or attempts to induce, directly or indirectly, any of the Controlled Group's employees, representatives or consultants to terminate, discontinue or cease working with or for the Controlled Group, or to breach any contract with the Controlled Group, in order to work with or for, or enter into a contract with, the Participant or any third party.
- (D) The Participant disparages or otherwise makes any statements about the Controlled Group, its products, or its employees that could be in any way viewed as negative or critical. Nothing in this paragraph will apply to legally protected communications to government agencies or statements made in the course of sworn testimony in administrative, judicial, or arbitral proceedings.
- (E) With respect to contributions made to the Plan on and after January 1, 2017, the Participant uses or discloses proprietary or confidential information, including but not limited to trade secrets, of the Controlled Group. Nothing in this paragraph will apply to legally protected communications to government agencies or

statements made in the course of sworn testimony in administrative, judicial, or arbitral proceedings.

To the extent the Participant has already received or commenced payment of his or her DC SERP Account, the Administrator will be entitled to pursue any and all legal and equitable relief against the Participant to enforce the forfeiture of and recover such benefit. The forfeiture provisions will continue to apply unless and to the extent modified by a court of competent jurisdiction. However, if any portion of these forfeiture provisions is held by such a court to be unenforceable, these provisions shall be deemed amended to limit their scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect.

In addition, the Administrator will, in all appropriate circumstances, require forfeiture or reimbursement of any portion of a DC SERP Account attributable to an incentive award that the Controlled Group seeks to recover under the clawback provision of any plan providing Cash Incentive.

**ARTICLE VI**  
**Distributions**

**6.1 Form and Timing of Distribution**

(A) Extra Deferral Account

A Participant may elect the form and timing of distribution with regard to his or her Extra Deferral Account as described below, subject to the cash-out rule in subsection (E) below. This distribution election must be made at the same time the Participant makes his or her first Extra Deferral Election.

If a Participant fails to make a timely election with regard to the *timing* of payment of his or her Extra Deferral Account, then the Participant will be deemed to have elected to receive payment in January of the first Plan Year following the Participant's Separation from Service (subject to subsection (H)). If a Participant fails to make a timely election with regard to the *form* of payment of his or her Extra Deferral Account, then the Participant will be deemed to have elected to receive payment in a lump sum.

Notwithstanding anything herein to the contrary, to the extent the Participant had in effect a distribution election under the Deferred Compensation Plan for Employees of The Boeing Company immediately prior to January 1, 2019 and fails to make a timely election with regard to the timing or form of payment of his or her Extra Deferral Account, such distribution election shall apply automatically to any future deferrals of the same type credited under this Plan and such Participant will only be permitted to change such deemed election in accordance with subsection (F) below.

A Participant may change a distribution election (or deemed distribution election) with respect to his or her entire Extra Deferral Account after the initial Extra Deferral Election is made (or deemed made), to the extent permitted and in accordance with the conditions stated under subsection (F) below.

(B) Restoration Account

A Participant may elect the form and timing of distribution with regard to his or her Restoration Account as described below, subject to the cash-out rule in subsection (E) below. This distribution election must be made at the same time the Participant makes his or her first Restoration Deferral Election or, if earlier, during the enrollment period immediately preceding the first year with respect to which the Participant receives a Company contribution to his or her Restoration Account. Any election made as to the form and timing of distribution will apply to the Participant's entire Restoration Account, including the Restoration True-Up Contributions and the Restoration SSP+ Company Contributions made for Plan Years prior to January 1, 2022, if any.

If a Participant fails to make a timely election with regard to the *timing* of payment of his or her Restoration Account, then the Participant will be deemed to have elected to receive payment in January of the first Plan Year following the Participant's Separation from Service (subject to subsection (H)). If a Participant fails to make a timely election with regard to the *form* of payment of his or her Restoration Account, then the Participant will be deemed to have elected to receive payment in a lump sum.

A Participant may change a distribution election (or deemed distribution election) with respect to his or her entire Restoration Account after the initial Restoration Deferral Election is made (or deemed made), to the extent permitted and in accordance with the conditions stated under subsection (F) below.

(C) Executive Benefit Account

No initial distribution elections are permitted or required with regard to a Participant's Executive Benefit Account, to which is credited Company Non-Elective Contributions, Executive SSP+ Company Contributions and DC SERP Contributions. Rather, a Participant is deemed to have elected to receive his or her Executive Benefit Account in a lump sum, payable in January of the first Plan Year following Separation from Service (subject to subsection (H)).

A Participant may change his or her deemed distribution election with respect to his or her Executive Benefit Account to the extent permitted and in accordance with the conditions stated under subsection (F) below.

(D) Timing and Form of Distribution

(i) Lump Sum Distribution

The lump sum distribution option is a single lump sum payment that will be made in the later of: (i) January of the first Plan Year following Separation from Service, or (ii) January of the first Plan Year following the Participant's attainment of a specified age (subject to subsection (E) below), as elected by the Participant under this Section 6.1 (in each case subject to subsection (H) below). Except as otherwise provided in subsection (H) below, the amount of such distribution will equal the value of the Participant's Account as of the first business day of January of the Plan Year of payment (or such other distribution valuation date as is specified by the Administrator), and no additional interest or earnings will be credited thereafter.

(ii) Installment Payment

The installment payment option is a series of annual installment payments for a period between 2 and 15 years, as elected by the Participant under this Section 6.1. Annual installment payments, if elected, will begin in the later of: (i) January of the first Plan Year following Separation from Service, or (ii) January of the first Plan Year following the Participant's attainment of a specified age (subject to (E) below), as elected by the Participant under this Section 6.1 (in each case subject to subsection (H) below). Payments will continue to be made each January thereafter until the full amount of the benefit has been paid.

The amount payable to the Participant each year shall be computed by dividing the balance in the Account (or the applicable portion of the Account) as of the first business day of January of the Plan Year in which payment is to be made (or such other distribution valuation date as is specified by the Administrator) by the number of years remaining in the distribution period. No additional earnings or interest will be credited to a Participant's account with respect to an installment payment after the valuation date used to determine the amount of such payment. See

Section 6.1(E) below for application of the cash-out rule to installment payments.

(E) Cash-outs

Notwithstanding the foregoing, subject to the six-month delay in payment for Specified Employees under subsection (H), if a Participant has elected to receive installments and his or her remaining Account balance is \$10,000 or less upon any scheduled payment date (excluding the balance of the DCP Account), the entire remaining balance will be paid as one final installment payment at that time.

(F) Changes to Distribution Election or Deemed Election

A Participant may change a distribution election (or deemed election) after the initial distribution election becomes effective (or deemed effective) only once with regard to each of the following subaccounts: the Participant's Restoration Account, Executive Benefit Account, Extra Deferral Account, and DCP Account (Deferrals) and DCP Account (Match).

Such election must change the time of payment (consistent with the requirement of clause (iii) below) and may change the form of payment (from lump sum to installments, or vice versa). Subject to the following paragraph, such election may be made at any time and need not be made during an annual enrollment period. If an election change is made by an Eligible Employee during the annual enrollment period, it can be changed during such period and the last change on file (if any) as of the end of the annual enrollment period will be irrevocable. If the election change is made by an Eligible Employee outside of the annual enrollment period or at any time by a Participant who is not an Eligible Employee, such election change will be irrevocable when made.

To the extent any such changes would defer commencement of any portion of the Participant's Restoration Account, Executive Benefit Account, Extra Deferral Account or DCP Account beyond both age 70½ and Separation from Service, the changes will not be effective.

- (i) A new distribution election must be submitted in accordance with the rules prescribed by the Administrator at least 12 months before the existing scheduled distribution date under the applicable subaccount.
- (ii) The revised distribution election must not take effect for at least 12 months after it is made.
- (iii) The new distribution election must provide for an additional deferral period of at least 5 years beyond the original distribution date.

In no event can installment payments be changed or revoked once they have begun. In all cases, payments will be made in January (subject to subsection (H)).

(G) Distributions At Age 70½

Payment of benefits under this Plan will begin no later than the first January following the calendar year in which the Participant both attains (or would have attained) age 70½ and is Separated from Service. Payment of benefits for Participants actively employed beyond age 70½ will begin no later than the first

January following the calendar year in which the Participant Separates from Service. Subject to subsection (D), any election made by a Participant to the contrary will not be effective.

(H) Specified Employees

Notwithstanding anything to the contrary under this Article VI, a Specified Employee will not receive any distribution under this Plan during the six-month period immediately following his or her Separation from Service.

Subject to subsection (F) above, the Account of a Specified Employee will be distributed in the form elected (or deemed elected) under subsection (A), (B), or (C) above, as applicable. This distribution will be made or commence as of the latest of:

- (1) the time elected (or deemed elected) under subsection (A), (B), or (C), as applicable,
- (2) the month following completion of the six-month waiting period (for Specified Employees who Separate from Service between July 1 and December 31), and
- (3) January of the first Plan Year following Separation from Service (for Specified Employees who Separate from Service between January 1 and June 30).

If a Participant has elected installments, subsequent installment payments will be made in January of each successive year until the Account is exhausted.

For payments occurring other than in January, the amount of the distribution will be determined based on the value of the Participant's Account as of the first business day of the month that payment will be made (or such other distribution valuation date as is specified by the Administrator). No additional earnings or interest will be credited to a Participant's account with respect to a payment after the valuation date used to determine the amount of such payment.

In the event of a Specified Employee's death during the six-month waiting period, the waiting period will cease to apply. The Specified Employee's benefits will be distributed in accordance with Section 6.2 (Death Benefits) below.

(I) Distribution Due to Unforeseeable Emergency

A Participant or Beneficiary may elect to receive a distribution of all or a portion of his or her Extra Deferral Account, DCP Account, Restoration Account, and his or her Executive SSP+ Company Contribution Account immediately, regardless of whether benefit payments have commenced, to the extent that the Participant or Beneficiary incurs an Unforeseeable Emergency. A Participant or Beneficiary may not receive a distribution of his or her DC SERP Account solely in the event of an Unforeseeable Emergency, even if fully vested.

The amount of the distribution will be limited to the amount reasonably necessary to satisfy the emergency need, including any taxes or penalties reasonably anticipated to result from the distribution, as determined by the Administrator.

## **6.2 Death Benefits**

If a Participant dies before his or her entire Account has been distributed, the remaining balance will be distributed to his or her Beneficiary in accordance with the Participant's election or deemed election as to form and timing filed with the Administrator with regard to such Account(s). Distributions to the Beneficiary will be made at the same time (or as soon as practicable following the Company's receipt of a notice of the Participant's death) and in the same form as the payment that otherwise would have been made to the Participant.

If a Beneficiary dies after the Participant, but before receiving the payment of all amounts due hereunder, then the unpaid amounts will be paid to the individual(s) designated (in accordance with the rules established by the Administrator) by the Beneficiary as his or her beneficiary(ies), or if no such designation has been made (or if such individual(s) do(es) not survive to receive payment), then such unpaid amounts will be paid to the Beneficiary's estate, in a single lump sum, as soon as practicable after the Beneficiary's death.

### 6.3 Rehires and Authorized Periods of Absence/Reduced Level of Services

This Section 6.3 addresses the form and timing of payment for a Participant who is rehired by the Company following a Separation from Service, or who remains employed after a Separation from Service has occurred (for example, due to an extended Authorized Period of Absence or due to reduced level of services).

In the event that a Participant forfeits a nonvested DC SERP Account upon a Separation from Service, this benefit will not be restored upon rehire. This rule applies regardless of whether the Participant satisfies the vesting criteria under Section 5.5 following rehire.

#### (A) After Commencing Benefits

This subsection (A) applies to a Participant who has received or begun receiving benefits under the Plan because he or she has experienced a Separation from Service and has attained the specified age (if applicable).

- (i) Rehires. Installment payments that commenced prior to the Participant's rehire with respect to Participant Deferrals made and Company Contributions received before the Participant's Separation from Service ("Old Account") will not be suspended by reason of the Participant's rehire. This Old Account will continue to be paid until exhausted, without regard to the period of rehire.

Participant Deferrals made and Company Contributions received attributable to periods after the date of rehire ("New Account") will remain subject to the Participant's earlier distribution election or deemed election as to the timing and form of payment under Section 6.1(D) (subject to the change rules in Section 6.1(F)), without regard to any Separation from Service that occurred prior to rehire. As a result, the New Account will be distributed in January following the Participant's Separation from Service after rehire (subject to any 6-month delay for Specified Employees), in the form selected under the original distribution election or deemed election. This is because the Participant already has attained the specified age under Section 6.1(D) but has not yet experienced a Separation from Service attributable to the New Account.

- (ii) Authorized Period of Absence/Reduced Level of Services. To the extent a Participant made additional Participant Deferrals or received additional Company Contributions while on an Authorized Period of Absence or during a period of a reduced level of services that constituted a Separation from Service under Code section 409A, such Participant Deferrals made and Company Contributions received (to the extent vested) will be distributed in January of the first Plan Year following the year in which they are made, in accordance with the Participant's earlier distribution election or deemed election. This is because the Participant has already satisfied the conditions for payment under Section 6.1(D); namely, he or she has attained the specified age and has experienced a Separation from Service attributable to such Participant Deferrals made and contributions received.

(B) Before Commencing Benefits

This subsection (B) applies to a Participant who has not begun receiving benefits under the Plan.

- (i) Rehires. The rehired Participant's Old Account, to the extent vested, will be distributed in accordance with the Participant's earlier distribution election or deemed election as to the timing and form of payment under Section 6.1(D) (subject to the change rules in Section 6.1(F)). This means that, for example, if the Participant's original distribution election selected benefits in the form of a lump sum (or installments) payable in January following attainment of a specified age under Section 6.1(D), then the Participant's Old Account (to the extent vested) will be payable as a lump sum (or installments, if so elected) in January following the year in which he or she attains the specified age, even if the Participant has not had a subsequent Separation from Service after rehire. This result will not change in the event that the Participant attains the specified age after the initial Separation from Service, but is rehired before benefits actually begin.

The Participant's New Account will remain subject to the Participant's earlier distribution election or deemed election as to the timing and form of payment under Section 6.1(D) (subject to the change rules in Section 6.1(F)), without regard to any Separation from Service that occurred prior to rehire, as described in Section 6.3(A) above. As a result, the New Account will be distributed either (i) in January following the Participant's Separation from Service *after rehire*, or (ii) in January following both the Participant's Separation from Service *after rehire* and after attainment of the specified age, in accordance with the original distribution election or deemed election. This is because the Participant has not yet experienced a Separation from Service attributable to the New Account.

- (ii) Authorized Period of Absence/Reduced Level of Services. Any Participant Deferrals made or Company Contributions received during an Authorized Period of Absence or a period of a reduced level of services (to the extent vested) will be distributed in accordance with the Participant's earlier distribution election or deemed election as to the timing and form of payment under Section 6.1(D) (subject to the change rules in Section 6.1(F)). This means that, for example, if the Participant's original distribution election selected benefits in the form of a lump sum (or installments) payable in January following attainment of a specified age under Section 6.1(D), then any Participant Deferrals made and contributions received during an Authorized Period of Absence or a period of a reduced level of services will be payable as a lump sum (or installments, if so elected) in January following the year in which he or she attains the specified age.

This result will not change in the event that the Participant attains the specified age while on an Authorized Period of Absence or during a period of a reduced level of services, but resumes (or increases his or her level of) services before benefits actually begin.

## **ARTICLE VII**

### **Accounts**

#### **7.1 Participant Accounts**

The Administrator will establish and maintain an Account for each Participant, for each period of employment. Solely for this purpose, a period of employment will be treated as commencing upon a Participant's eligibility for the Plan (following hire or rehire as applicable) and ending with his or her Separation from Service.

Each Account will be credited with Participant Deferrals and Company Contributions for the relevant period of employment, as well as Earnings Credits described in Section 7.2 below. Each Account will be reduced as payments are made.

In connection with the January 1, 2019 amendment and restatement of the Plan, there was a one-time transfer of certain Restoration Benefit sub-accounts of certain participants from the Plan to The Boeing Company Supplemental Savings Plan (the "SSP") such that the opening account balances of such participants in the SSP on January 1, 2019 was equal to the closing balance of such participants' Restoration Accounts in the Plan on December 31, 2018. The affected participants were: (A) each Employee (as defined in the SSP) who was an Eligible Employee (as defined in the SSP) on January 1, 2019, and was a participant in the Restoration Benefit of the Plan prior to 2019 and (B) each other current or former Employee (as defined in the SSP) who was not as of January 1, 2019 and had never been on the E-Series Payroll (as such term is defined in the Plan).

#### **7.2 Earnings Credits**

A Participant's Account(s) will be credited, at the Participant's (or, if applicable, Beneficiary's) election, with earnings under one or more of the following, as the individual elects and subject to any rules or limitations as may be imposed by the Administrator: (i) the Interest Fund method, (ii) the Boeing Stock Fund method, or (iii) the Other Investment Funds method, each as described below. In the absence of an election the Interest Fund method will be used.

##### **(A) Interest Fund Method**

Under this method, a Participant's Interest Fund method sub-account shall be adjusted daily in accordance with changes in the unit value of the sub-account to reflect interest, based on the Participant's sub-account balance.

Interest will be calculated for each Plan Year as the mean between the high and low (during the first eleven months of the preceding Plan Year) of yields on AA-rated industrial bonds as reported by Moody's Investors Service, Inc., rounded to the nearest 1/4th of one percent. Participants will be notified annually of the established interest rate.

##### **(B) Boeing Stock Fund Method**

Under this method, a Participant's Boeing Stock Fund sub-account shall be credited with the number of shares of the common stock of The Boeing Company that could be purchased with the amount credited to such sub-account, based on the Fair Market Value of the common stock of The Boeing Company on the day the sub-account is so credited (or on the next business day on which the New York Stock Exchange (the "Exchange") is open, if the Exchange is closed on the

day the sub-account is credited) excluding commissions, taxes, and other charges. Such number shall be recorded as stock units in the Participant's sub-account, for bookkeeping purposes only. For purposes of the Plan, "Fair Market Value" means the closing price for the common stock of The Boeing Company as reported for the "New York Stock Exchange - Composite Transactions" for a single trading day. The number of stock units in a sub-account shall be appropriately adjusted to reflect stock splits, stock dividends, and other like adjustments in the common stock of The Boeing Company.

Each Participant's Boeing Stock Fund sub-account periodically shall be credited with the number of shares of the common stock of The Boeing Company that could be purchased, as set forth in the preceding paragraph, with an amount equal to the cash dividends that would be payable on the number of shares of the common stock of The Boeing Company that equals the number of stock units in a Participant's sub-account. The timing and methodology will mirror the Boeing 401(k) dividend process. Participants will be notified annually of the number of stock units, and the dividend equivalents, credited to their sub-account.

(C) Other Investment Funds Method

Under this method, a Participant may choose to diversify his or her Other Investment Funds sub-account by electing that it be credited (or charged) with the expenses, income, gains and losses on investment funds similar to those offered under the Boeing 401(k) (excluding the Boeing Stock Fund and Stable Value Fund offered thereunder) as designated by the Administrator from time to time, pursuant to an election by the Participant to have the Participant's sub-account credited as though the Participant had elected to invest in such funds in such increments as the Participant will direct in accordance with rules established by the Administrator or its delegates; provided that the Administrator may disregard such elections in its discretion.

Earnings credits to a Participant's Account(s) may be subject to valuation adjustments in accordance with the procedures established by the Administrator; provided, in no event will the portion of a Participant's Account(s) that has been distributed as of the time a valuation adjustment is made be subject to such valuation adjustment.

### **7.3 Investment Election Changes and Restrictions**

A Participant may change how future additions to his or her Account(s) are deemed invested anytime during the Plan Year subject to the Administrator's rules and restrictions. The Participant may also transfer any portion of his or her sub-accounts from one investment fund to another on a daily basis, provided that a Participant may not transfer funds from one investment fund to another and back on the same day.

In addition, transfers cannot be made into the Boeing Stock Fund for 30 calendar days after transferring funds out of the Boeing Stock Fund. This restriction applies regardless of the number of units or the dollar value of the transfer. However, the Participant may continue to direct future additions into the Boeing Stock Fund and make transfers out of this investment fund at any time, subject to insider trading rules.

### **7.4 Missing Participants and Improper Credits**

A Participant's Account may be forfeited or reduced upon the occurrence of one of the following events, even if 100% vested:

- (A) The Administrator is unable to locate a Participant or Beneficiary to distribute amounts from his or her Account (a "missing participant").
- (B) The Administrator recaptures amounts improperly credited to a Participant's Account.

See also Section 10.2 regarding anti-assignment and Section 10.3 regarding the unfunded nature of this Plan.

**ARTICLE VIII**  
**Administration**

**8.1 Plan Administration**

The Plan shall be administered by the Administrator. The Administrator shall make such rules, interpretations, determinations of fact and computations as it may deem appropriate, including (without limitation) requiring the use of an electronic or telephonic system for purposes of Participant elections and designations. Any decision of the Administrator with respect to the Plan, including (without limitation) any determination of eligibility to participate in the Plan and any calculation of Plan benefits, shall be conclusive and binding on all persons. The Administrator shall submit to the Compensation Committee periodic reports covering the operation of the Plan.

**8.2 Claims Procedure**

The procedures for making claims for benefits under the Plan and for having the denial of a benefits claim reviewed shall be the same as those procedures set forth in the Boeing 401(k), provided that the Compensation Committee of the Board of Directors shall be substituted for the Administrator thereunder for purposes of the review of claims and appeals with respect to benefits under the Plan for elected officers of the Company (other than determinations related to potential forfeiture or reimbursement of benefits under Sections 5.5 or 5.7 of the Plan, which such determinations shall be made by the Administrator).

See Section 10.8 regarding limitations on subsequent legal action.

**ARTICLE IX**  
**Amendment and Termination**

The Board of Directors, the Compensation Committee, the Administrator, and their respective delegate or delegates shall each have the authority to amend the Plan at any time, including, but not limited to, the authority to adopt amendments to combine or transfer all or part of the Plan with or to other plans maintained by the Controlled Group (including a termination of the Plan for that purpose) or to change the timing of eligibility for participation in the Plan; provided, however, that the Compensation Committee shall have the exclusive authority to adopt any amendments or make any other changes to the Plan that change the rate or amount of Company-provided benefits for employees on the E-Series Payroll. The Board of Directors shall have the authority to terminate the Plan at any time.

In the event of Plan amendment or termination, a Participant's benefits under the Plan shall not be less than the Plan benefits to which the Participant would be entitled if the Participant had terminated employment immediately prior to such amendment or termination of the Plan, increased or decreased by any Earnings Credits attributable to periods on or after the effective date of such amendment or termination.

In general, upon the termination of the Plan with respect to any Participant, the affected Participants will not be entitled to receive a distribution until the time specified in Article VI. Notwithstanding the foregoing, The Boeing Company may, in its discretion, terminate the entire Plan and pay each Participant a single lump-sum distribution of his or her entire accrued benefit to the extent permitted under conditions set forth in Code section 409A and any IRS or Treasury guidance thereunder.

**ARTICLE X**  
**Miscellaneous**

**10.1 No Employment Rights**

Nothing in the Plan shall be deemed to give any person any right to remain in the employ of the Company or other member of the Controlled Group, as applicable, or affect any right of the Company or other member of the Controlled Group, as applicable, to terminate a person's employment with or without cause.

**10.2 Anti-Assignment**

No benefit under 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. Any attempt to take such action shall be void and shall authorize the Administrator, in its sole and absolute discretion, to forfeit all further right and interest in any benefit under this Plan. In addition, a Participant's Account may be reduced by the amount of any tax obligation paid by the Company or other member of the Controlled Group, as applicable, on behalf of a Participant, Beneficiary, or any other person, if such individual fails to reimburse the Company or other member of the Controlled Group, as applicable, for such obligation.

**10.3 Unfunded Status of Plan**

No funds shall be segregated or earmarked for or in the Account of any current or former Participant, Beneficiary or other person under the Plan. However, the Company or other member of the Controlled Group, as applicable, may establish one or more trusts to assist in meeting its obligations under the Plan, the assets of which shall be subject to the claims of the general creditors of the Company or other member of the Controlled Group, as applicable. No current or former Participant, Beneficiary or other person, individually or as a member of a group, shall have any right, title or interest in any account, fund, grantor trust, or any asset that may be acquired by the Company or other member of the Controlled Group, as applicable, in respect of its obligations under the Plan (other than as a general creditor of the Company or other member of the Controlled Group, as applicable, with an unsecured claim against its general assets).

**10.4 Delays or Acceleration in Payment**

Payment of benefits under this Plan may be delayed or accelerated to the extent permitted by Code section 409A, as determined by the Administrator.

**10.5 Involuntary Inclusion in Income**

If a determination is made that the Account of any Participant (or his or her Beneficiary) is subject to current income taxation under Code section 409A, then the taxable portion of such Account will be immediately distributed to the Participant (or his or her Beneficiary), notwithstanding the general timing rules otherwise described herein.

## **10.6 Compliance with Code Section 409A**

It is intended that amounts deferred under this Plan will not be taxable under Code section 409A with respect to any individual. All provisions of this Plan shall be construed in a manner consistent with this intent.

## **10.7 Construction**

The validity of the Plan or any of its provisions will be determined under and will be construed according to federal law and, to the extent permissible, according to the internal laws of the state of Illinois. If any provision of the Plan is held illegal or invalid for any reason, such determination will not affect the remaining provisions of the Plan and the Plan will be construed and enforced as if said illegal or invalid provision had never been included.

## **10.8 Legal Action**

No legal action may be brought in court on a claim for benefits under the Plan after 180 days following the decision on appeal (or 180 days following the expiration of the time to make an appeal decision if no appeal is made). The Plan, all benefits awarded thereunder, and all determinations and other actions with respect thereto, shall be governed by the laws of the State of Illinois without giving effect to principles of conflicts of laws, except to the extent preempted by the laws of the United States. Participants irrevocably consent to the nonexclusive jurisdiction and venue of the federal and state courts located in the State of Illinois, Cook County.

## **10.9 Tax Withholding**

The Company, or other member of the Controlled Group, as applicable, has the right to deduct any federal, state, local or foreign taxes that are required to be withheld from any payments made hereunder. In addition, if prior to the date of payment of any amount hereunder, the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2), where applicable, becomes due, then the Company, or other member of the Controlled Group, as applicable, shall have the right to deduct such tax from any other payments made to the Participant or direct that the Participant's Account be reduced by the amount needed to pay the Participant's portion of such tax, plus an amount equal to the withholding taxes due under federal, state or local law resulting from the payment of such FICA tax, and an additional amount to pay the additional income tax at source on wages attributable to the pyramiding of the Code section 3401 wages and taxes, but no greater than the aggregate of the FICA tax amount and the income tax withholding related to such FICA tax amount. Each Participant shall be responsible for the payment of all individual tax liabilities relating to any benefits under the Plan that exceed the amounts withheld.

## **10.10 Liability for Benefit Payments**

The obligation to pay or provide for payment of a benefit hereunder to any Participant or Beneficiary shall be the sole and exclusive liability and responsibility of the employer which employed the Participant during the period which contributions were made, unless another entity has specifically assumed such liability. No other affiliate or subsidiary of such employer shall be liable or responsible for such payment, and nothing in the Plan shall be construed as creating or imposing any joint or shared liability for any such payment. The fact that a company other than the employer actually makes one or more payments to a Participant or Beneficiary shall not be deemed a waiver of this provision;

rather, any such payment shall be deemed to have been made on behalf of and for the account of the employer.

#### **10.11 Recovery of Plan Overpayments**

The Plan shall have the right to offset from any future benefit payments due hereunder to (or with respect to) such individual the amount of such excess in such manner as the Administrator determines in its sole discretion or, if such offset is not possible, the Administrator may undertake such actions as it deems reasonable to recover the excess.

#### **10.12 Notice**

Any notice or filing required or permitted to be given under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to (a) The Boeing Company's headquarters, with attention to the Secretary of the Company, if the notice or filing is to be made to the Administrator or the Company or (b) the Participant's or Beneficiary's address on file with the Company, if the notice or filing is to be made to such individual. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

**APPENDIX A**  
**List of Excluded Entities**

[Reserved.]

This Appendix A may be updated by the Administrator from time to time without the need for a formal amendment to the Plan.

**APPENDIX B**  
**Deferred Compensation Plan for Employees of The Boeing Company**

The provisions of this Appendix B apply to DCP Accounts and individuals who were participants in the DCP as of December 31, 2021. In the event of a conflict between this Appendix B and the other provisions of the Plan, the provisions in this Appendix B shall control.

No DCP Deferrals were made to the DCP with respect to Base Pay earned and paid on and after January 1, 2019, Annual Incentive Awards with performance periods beginning on or after January 1, 2019, or Performance Awards with grant dates on or after January 1, 2019.

Effective with respect to amounts deferred on or after January 1, 2006 (including amounts for which Deferral Elections were made prior to January 1, 2006) the Company no longer provided any DCP Matching Contributions on any DCP Deferrals into a Boeing Stock Fund account; provided that in the case of DCP Deferrals that were the subject of a deferral election into a Boeing Stock Fund account made prior to January 1, 2005, the Company continued to match such DCP Deferrals of Boeing Stock Units and Performance Share Awards that are not yet vested (upon vesting) and such DCP Deferrals of 2005 Annual Incentive Awards that were paid in 2006. To the extent that the Company previously a DCP Matching Contribution with respect to all or part of any amounts previously deferred under the DCP, each such DCP Matching Contribution was deferred together with the Deferral to which it relates, and is subject to all of the Participant elections (including default elections) with respect to such Deferral.

1. **Forfeiture and Reinstatement of Matching Contributions**

- (A) Any DCP Matching Contribution shall be canceled and forfeited if the Participant Separates from Service for any reason other than retirement under a retirement plan sponsored by the Company, disability as determined by the Company, layoff, or death. The forfeited DCP Matching Contribution (and any Earnings Credits that would have accrued but for the forfeiture) will be reinstated upon rehire, only where (i) the Participant's Separation from Service occurred while the Participant was on an Authorized Period of Absence or due to a reasonably anticipated permanent reduction in the level of services performed by the Participant to less than 50 percent of the average level of services performed by the Participant during the immediately preceding 36-month period, and (ii) the Participant's Separation from Service was deemed a Separation from Service under Code section 409A or the terms of this Plan (i.e., the Participant did not incur a termination of employment with the Controlled Group).
- (B) Reinstatement of the Participant's forfeited benefits will occur upon (i) return to active employment with the Company within the Authorized Period of Absence, (ii) termination of the Authorized Period of Absence or period of a reduced level of services due to retirement under a plan sponsored by the Company, disability as determined by the Company, layoff or death, or (iii) the Participant's return to active employment at a level of services that is 50 percent or more of the average level of services performed by the Participant prior to his or her prior deemed Separation from Service due to a reduction in services. Such reinstated benefits will remain subject to the forfeiture provisions of the first sentence of section 1(A) the payment timing rules under Section 3(A) hereof.

## 2. DCP Deferrals Eligible for Diversification

The following DCP Deferrals are eligible for investment diversification:

- (A) DCP Deferrals of Base Pay (once earned);
- (B) DCP Deferrals of cash Annual Incentive Awards (once earned);
- (C) Vested Boeing Stock Unit (BSU) DCP Deferrals;
- (D) Unvested BSU DCP Deferrals (once vested);
- (E) Performance Share DCP Deferrals that were vested as of December 31, 2005;
- (F) In the case of a Participant whose termination of employment occurred on or before December 31, 2005, any DCP Matching Contributions credited to the Participant's Accounts on or before January 3, 2006 (the next business day the Exchange is open); and
- (G) Performance Awards.

Performance Shares that were unvested as of December 31, 2005, and deferred into the Boeing Stock Fund account shall not be eligible for diversification, even upon vesting. DCP Matching contributions (except as described in (F) above) also shall not be eligible for diversification. Amounts eligible for diversification are sometimes referred to as "transferable amounts" and amounts not eligible for diversification are sometimes referred to as "nontransferable amounts."

## 3. Form and Timing of Distribution

### (A) General Rule

A Participant in the DCP was permitted to elect the form and timing of distribution with regard to his or her entire Account as described in subsections 6.1(D)(i) and 6.1(D)(ii). This distribution election was required to be made at the same time the Participant made his or her Deferral Election.

In the event that no distribution option was elected, the Participant is deemed to have elected to receive a single lump sum payable in January of the first Plan Year following the Participant's Separation from Service.

### (B) Changes to Distribution Election

A Participant may change a distribution election with regard to his or her entire Account only to the extent permitted by Section 6.1(F) of the Plan.

(C) Separate Election for Matching Contributions

Notwithstanding the foregoing subsections (A) and (B), Participants who terminate employment on or after January 1, 2006, were permitted to make a separate election under subsection (A) above as to the time and form of distribution of (i) the Participant's Company Matching Contributions and (ii) the balance of the Participant's Plan Account. Such a Participant may also make a separate one-time distribution election change under subsection (B) above with respect to each such separate election under this subsection (C).

(D) Separate Election for Annual Installments

If a Participant makes a separate election under subsection (C)(ii) above to receive the balance of the Participant's DCP Account in annual installment payments, the Participant may further elect to receive either:

- (i) The Participant's nontransferable Performance Shares (Performance Shares that vested or vest after December 31, 2005, that are deferred into the Boeing Stock Fund), first, or
- (ii) A prorated payment of all the funds in the Participant's Account each year.

(E) Distributions At Age 70 ½

See Section 6.1(G) of the Plan.

(F) Specified Employees

See Section 6.1(H) of the Plan.

(G) Distribution Due to Unforeseeable Emergency

See Section 6.1(I) of the Plan.

(H) Death Benefits

If a Participant only has a DCP Account under this Plan, then the Participant's beneficiary designation made under the DCP prior to January 1, 2022 will apply hereunder, unless and until changed by the Participant in accordance with the terms of the Plan. If a Participant has both a DCP Account and another Account under the Plan, then the Participant's beneficiary designation under the DCP will become null and void as of January 1, 2022, and such Participant who wishes to designate a Beneficiary must make a new beneficiary designation in accordance with the terms of the Plan.

4. Rehires

See Section 6.3 of the Plan.

**The Boeing Company 2003 Incentive Stock Plan  
(As Amended and Restated Effective December 9, 2021)**

**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 chief human resources officer, the Company’s vice president of compensation 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 & Public Policy 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 & Public Policy 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. 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).

(c) 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.

(d) 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.

(e) 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 December 9, 2021.

**EXHIBIT 21****The Boeing Company Subsidiaries**

Name	Place of Incorporation
Astro Limited	Bermuda
Aviall, Inc.	Delaware
BCC Equipment Leasing Corporation	Delaware
Boeing Aircraft Holding Company	Delaware
Boeing Capital Corporation	Delaware
Boeing CAS Holding GmbH	Germany
Boeing Defence Australia Ltd	Australia
Boeing Deutschland GmbH	Germany
Boeing Digital Solutions, Inc.	Delaware
Boeing Distribution Services, Inc.	Delaware
Boeing Distribution, Inc.	Delaware
Boeing Europe B.V.	Netherlands
Boeing Global Holdings Corporation	Delaware
Boeing International Logistics Spares, Inc.	Delaware
Jeppesen Deutschland GmbH	Germany

In accordance with Item 601(b)(21) of Regulation S-K, the company has omitted from this Exhibit the names of its subsidiaries which, considered in the aggregate or as a single subsidiary, do not constitute a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation 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, 333-228097, and 333-252770 on Form S-8 and Registration Statement Nos. 333-240300, 333-249827, and 333-250000 on Form S-3 of our reports dated January 31, 2022, relating to the financial statements of The Boeing Company and the effectiveness of The Boeing Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Chicago, Illinois

January 31, 2022

**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 annual report on Form 10-K 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: January 31, 2022

/s/ David L. Calhoun

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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, Brian J. West, certify that:

1. I have reviewed this annual report on Form 10-K 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: January 31, 2022

/s/ Brian J. West

Brian J. West  
Executive Vice President and Chief Financial Officer

**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 Annual Report of The Boeing Company (the "Company") on Form 10-K for the period ending December 31, 2021, 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

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David L. Calhoun  
President and Chief Executive Officer

January 31, 2022

**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 Annual Report of The Boeing Company (the "Company") on Form 10-K for the period ending December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian J. West, Executive Vice President and Chief Financial 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/ Brian J. West

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Brian J. West  
Executive Vice President and Chief Financial Officer

January 31, 2022