BOEING CO
Form 10-K
February 08, 2019

2002002.000.002.000.001230000004.0022000000700000020000007000000500000060000000.04300000025000000164000000
Accelerated Filer193200000000BOEING
COfalsefalseNoYes48200000050300000004.695.977.195.005.0012000000001012261159.0000001012261159.0000000.04880.0
0000012927 2018-01-01 2018-12-31 0000012927 2018-06-30 0000012927 2019-02-01 0000012927
us-gaap:ServiceMember 2016-01-01 2016-12-31 0000012927 us-gaap:ServiceMember 2018-01-01 2018-12-31
0000012927 2016-01-01 2016-12-31 0000012927 2017-01-01 2017-12-31 0000012927 us-gaap:ProductMember
2016-01-01 2016-12-31 0000012927 us-gaap:ProductMember 2017-01-01 2017-12-31 0000012927
us-gaap:ProductMember 2018-01-01 2018-12-31 0000012927 us-gaap:ServiceMember 2017-01-01 2017-12-31
0000012927 2018-12-31 0000012927 2017-12-31 0000012927 2015-12-31 0000012927 2016-12-31 0000012927
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0000012927
us-gaap:NoncontrollingInterestMember 2017-01-01 2017-12-31 0000012927 us-gaap:CommonStockMember
2017-12-31 0000012927 us-gaap:AdditionalPaidInCapitalMember 2016-01-01 2016-12-31 0000012927
us-gaap:AdditionalPaidInCapitalMember 2017-01-01 2017-12-31 0000012927 us-gaap:TreasuryStockMember
2016-01-01 2016-12-31 0000012927 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01
2018-12-31 0000012927 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 2017-12-31
0000012927 us-gaap:RetainedEarningsMember 2018-01-01 2018-12-31 0000012927 us-gaap:TreasuryStockMember
2018-12-31 0000012927 ba:AccountingStandardsUpdate201802Member 2017-12-31 0000012927
us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-12-31 0000012927
us-gaap:AdditionalPaidInCapitalMember 2018-12-31 0000012927 us-gaap:TreasuryStockMember 2015-12-31
0000012927 us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0000012927
us-gaap:NoncontrollingInterestMember 2016-01-01 2016-12-31 0000012927 us-gaap:NoncontrollingInterestMember
2016-12-31 0000012927 us-gaap:TreasuryStockMember 2018-01-01 2018-12-31 0000012927
us-gaap:NoncontrollingInterestMember 2015-12-31 0000012927
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000012927
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2015-12-31 0000012927
us-gaap:RetainedEarningsMember 2018-12-31 0000012927 us-gaap:NoncontrollingInterestMember 2018-01-01
2018-12-31 0000012927 us-gaap:CommonStockMember 2015-12-31 0000012927 us-gaap:TreasuryStockMember
2017-01-01 2017-12-31 0000012927 us-gaap:CommonStockMember 2018-12-31 0000012927
us-gaap:RetainedEarningsMember 2017-01-01 2017-12-31 0000012927 us-gaap:RetainedEarningsMember
2016-01-01 2016-12-31 0000012927 us-gaap:RetainedEarningsMember 2017-12-31 0000012927
us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0000012927 us-gaap:TreasuryStockMember 2017-12-31
0000012927 us-gaap:NoncontrollingInterestMember 2018-12-31 0000012927 us-gaap:NoncontrollingInterestMember
2017-12-31 0000012927 us-gaap:RetainedEarningsMember 2015-12-31 0000012927
us-gaap:AdditionalPaidInCapitalMember 2015-12-31 0000012927 us-gaap:CommonStockMember 2016-12-31
0000012927 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0000012927
us-gaap:TreasuryStockMember 2016-12-31 0000012927 us-gaap:AccumulatedOtherComprehensiveIncomeMember
2016-01-01 2016-12-31 0000012927 us-gaap:RetainedEarningsMember 2016-12-31 0000012927
ba:UnallocateditemseliminationsandotherMember 2018-01-01 2018-12-31 0000012927
ba:UnallocateditemseliminationsandotherMember 2017-01-01 2017-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:GlobalServicesMember 2018-01-01 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2017-01-01 2017-12-31
0000012927 us-gaap:OperatingSegmentsMember 2018-01-01 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember
ba:GlobalServicesMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember
ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:BoeingCapitalCorporationMember 2018-01-01 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2016-01-01 2016-12-31

0000012927 us-gaap:OperatingSegmentsMember 2016-01-01 2016-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:BoeingCapitalCorporationMember 2016-01-01 2016-12-31 0000012927
ba:UnallocateditemseliminationsandotherMember 2016-01-01 2016-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:BoeingCapitalCorporationMember 2017-01-01 2017-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:GlobalServicesMember 2017-01-01 2017-12-31 0000012927
srt:MinimumMember us-gaap:DistributionRightsMember 2018-01-01 2018-12-31 0000012927 srt:MaximumMember
us-gaap:DevelopedTechnologyRightsMember 2018-01-01 2018-12-31 0000012927 srt:MaximumMember
2018-12-31 0000012927 ba:BidAndProposalCostsMember 2018-01-01 2018-12-31 0000012927
srt:MaximumMember ba:ProductKnowHowMember 2018-01-01 2018-12-31 0000012927 srt:MaximumMember
us-gaap:OtherIntangibleAssetsMember 2018-01-01 2018-12-31 0000012927 ba:BidAndProposalCostsMember
2017-01-01 2017-12-31 0000012927 srt:MaximumMember ba:CommercialAirplanesSegmentMember 2018-01-01
2018-12-31 0000012927 us-gaap:BankOverdraftsMember 2017-12-31 0000012927 srt:MinimumMember
ba:ProductKnowHowMember 2018-01-01 2018-12-31 0000012927 srt:MaximumMember
us-gaap:LandAndLandImprovementsMember 2018-01-01 2018-12-31 0000012927 ba:FiscalYear2017Member
us-gaap:AccountingStandardsUpdate201409Member us-gaap:RetainedEarningsMember 2017-12-31 0000012927
ba:KC46ATankerMember 2018-01-01 2018-12-31 0000012927 srt:MaximumMember
us-gaap:CustomerRelationshipsMember 2018-01-01 2018-12-31 0000012927 ba:KC46ATankerMember 2016-01-01
2016-12-31 0000012927 srt:MinimumMember us-gaap:MachineryAndEquipmentMember 2018-01-01 2018-12-31
0000012927 srt:MaximumMember us-gaap:MachineryAndEquipmentMember 2018-01-01 2018-12-31 0000012927
ba:FiscalYear2016Member us-gaap:AccountingStandardsUpdate201409Member us-gaap:RetainedEarningsMember
2016-12-31 0000012927 us-gaap:BankOverdraftsMember 2018-12-31 0000012927 srt:MinimumMember
us-gaap:OtherIntangibleAssetsMember 2018-01-01 2018-12-31 0000012927 srt:MaximumMember
us-gaap:DistributionRightsMember 2018-01-01 2018-12-31 0000012927
us-gaap:SoftwareAndSoftwareDevelopmentCostsMember 2018-01-01 2018-12-31 0000012927
ba:KC46ATankerMember 2017-01-01 2017-12-31 0000012927 srt:MinimumMember
us-gaap:DevelopedTechnologyRightsMember 2018-01-01 2018-12-31 0000012927 srt:MinimumMember 2018-12-31
0000012927 ba:BidAndProposalCostsMember 2016-01-01 2016-12-31 0000012927 srt:MinimumMember
ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 srt:MinimumMember
us-gaap:LandAndLandImprovementsMember 2018-01-01 2018-12-31 0000012927 srt:MinimumMember
us-gaap:CustomerRelationshipsMember 2018-01-01 2018-12-31 0000012927
us-gaap:AccountingStandardsUpdate201409Member us-gaap:RetainedEarningsMember 2016-12-31 0000012927
srt:MinimumMember ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31 0000012927
srt:MaximumMember ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31 0000012927
srt:ScenarioPreviouslyReportedMember 2015-12-31 0000012927
us-gaap:AccountingStandardsUpdate201409Member 2016-12-31 0000012927
srt:ScenarioPreviouslyReportedMember us-gaap:RetainedEarningsMember 2015-12-31 0000012927
srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-12-31 0000012927 us-gaap:ProductMember
us-gaap:NewAccountingPronouncementMember 2016-01-01 2016-12-31 0000012927
srt:ScenarioPreviouslyReportedMember 2016-01-01 2016-12-31 0000012927
us-gaap:NewAccountingPronouncementMember 2016-01-01 2016-12-31 0000012927
us-gaap:NewAccountingPronouncementMember 2017-01-01 2017-12-31 0000012927 us-gaap:ProductMember
srt:ScenarioPreviouslyReportedMember 2016-01-01 2016-12-31 0000012927 us-gaap:ServiceMember
us-gaap:NewAccountingPronouncementMember 2016-01-01 2016-12-31 0000012927 us-gaap:ServiceMember
srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-12-31 0000012927 us-gaap:ProductMember
srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-12-31 0000012927 us-gaap:ServiceMember
us-gaap:NewAccountingPronouncementMember 2017-01-01 2017-12-31 0000012927 us-gaap:ProductMember
us-gaap:NewAccountingPronouncementMember 2017-01-01 2017-12-31 0000012927 us-gaap:ServiceMember
srt:ScenarioPreviouslyReportedMember 2016-01-01 2016-12-31 0000012927
srt:ScenarioPreviouslyReportedMember 2016-12-31 0000012927 srt:ScenarioPreviouslyReportedMember

us-gaap:RetainedEarningsMember 2016-12-31 0000012927 us-gaap:AccountingStandardsUpdate201409Member
2016-01-01 2016-12-31 0000012927 srt:ScenarioPreviouslyReportedMember 2017-12-31 0000012927
us-gaap:NewAccountingPronouncementMember 2017-12-31 0000012927 srt:ScenarioPreviouslyReportedMember
us-gaap:RetainedEarningsMember 2017-12-31 0000012927 srt:ScenarioPreviouslyReportedMember
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000012927
us-gaap:AccountingStandardsUpdate201409Member us-gaap:RetainedEarningsMember 2017-12-31 0000012927
us-gaap:AccountingStandardsUpdate201409Member 2017-01-01 2017-12-31 0000012927
us-gaap:AccountingStandardsUpdate201409Member 2017-12-31 0000012927
us-gaap:NewAccountingPronouncementMember 2016-12-31 0000012927
us-gaap:NewAccountingPronouncementMember 2015-12-31 0000012927 ba:KLXInc.Member 2018-12-31
0000012927 2018-10-09 2018-12-31 0000012927 ba:KLXInc.Member 2018-01-01 2018-12-31 0000012927
ba:KLXInc.Member 2018-10-09 2018-12-31 0000012927 2018-12-17 2018-12-17 0000012927 ba:KC390Member
2018-12-17 2018-12-17 0000012927 us-gaap:CustomerRelationshipsMember 2018-12-31 0000012927
ba:ProductKnowHowMember 2018-12-31 0000012927 us-gaap:DistributionRightsMember 2018-12-31 0000012927
us-gaap:CustomerRelationshipsMember 2017-12-31 0000012927 us-gaap:OtherIntangibleAssetsMember 2018-12-31
0000012927 us-gaap:OtherIntangibleAssetsMember 2017-12-31 0000012927
us-gaap:DevelopedTechnologyRightsMember 2018-12-31 0000012927 ba:ProductKnowHowMember 2017-12-31
0000012927 us-gaap:DevelopedTechnologyRightsMember 2017-12-31 0000012927
us-gaap:DistributionRightsMember 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember
ba:CommercialAirplanesSegmentMember 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember
ba:KLXInc.Member ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:GlobalServicesMember 2016-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:KLXInc.Member ba:GlobalServicesMember 2018-01-01 2018-12-31
0000012927 us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2017-12-31
0000012927 us-gaap:OperatingSegmentsMember ba:GlobalServicesMember 2017-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:GlobalServicesMember 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:CommercialAirplanesSegmentMember 2017-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:CommercialAirplanesSegmentMember 2018-12-31 0000012927
us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2016-12-31 0000012927
ba:PerformanceAwardsMember 2017-01-01 2017-12-31 0000012927 us-gaap:PerformanceSharesMember
2018-01-01 2018-12-31 0000012927 ba:PerformanceAwardsMember 2016-01-01 2016-12-31 0000012927
us-gaap:PerformanceSharesMember 2017-01-01 2017-12-31 0000012927 ba:PerformanceAwardsMember
2018-01-01 2018-12-31 0000012927 us-gaap:PerformanceSharesMember 2016-01-01 2016-12-31 0000012927
us-gaap:StateAndLocalJurisdictionMember 2018-12-31 0000012927 ba:TaxYear20132014Member 2018-01-01
2018-09-30 0000012927 us-gaap:ReductionInTaxesMember 2017-10-01 2017-12-31 0000012927 2016-07-01
2016-09-30 0000012927 us-gaap:ReductionInTaxesMember us-gaap:ForeignCountryMember 2018-01-01 2018-12-31
0000012927 ba:TaxYear20112012Member 2016-07-01 2016-09-30 0000012927
ba:ValuationAllowancePropertyPlantandEquipmentIntangiblesandGoodwillMember 2017-12-31 0000012927
ba:ValuationAllowancePropertyPlantandEquipmentIntangiblesandGoodwillMember 2018-12-31 0000012927
ba:USGovernmentContractsMember 2017-12-31 0000012927 ba:CommercialCustomersMember 2018-12-31
0000012927 ba:CommercialCustomersMember 2017-12-31 0000012927 ba:USGovernmentContractsMember
2018-12-31 0000012927 ba:AirplaneProgram787Member 2018-12-31 0000012927
ba:CapitalizedPrecontractCostsMember 2018-12-31 0000012927 ba:AirplaneProgram787Member 2017-12-31
0000012927 ba:CapitalizedPrecontractCostsMember 2017-12-31 0000012927
ba:EarlyIssueSalesConsiderationMember 2018-12-31 0000012927 ba:AirplaneProgramSevenFourSevenMember
2018-12-31 0000012927 ba:EarlyIssueSalesConsiderationMember 2017-12-31 0000012927
ba:AirplaneProgramSevenFourSevenMember 2017-12-31 0000012927 ba:CustomerFinancingMember 2017-01-01
2017-12-31 0000012927 ba:CustomerFinancingMember 2016-01-01 2016-12-31 0000012927
ba:CustomerFinancingMember ba:BoeingCapitalCorporationMember 2016-01-01 2016-12-31 0000012927
ba:CustomerFinancingMember ba:OtherBoeingMember 2017-01-01 2017-12-31 0000012927

ba:CustomerFinancingMember ba:OtherBoeingMember 2016-01-01 2016-12-31 0000012927 ba:CustomerFinancingMember 2018-01-01 2018-12-31 0000012927 ba:CustomerFinancingMember ba:BoeingCapitalCorporationMember 2017-01-01 2017-12-31 0000012927 ba:CustomerFinancingMember ba:BoeingCapitalCorporationMember 2018-01-01 2018-12-31 0000012927 ba:CustomerFinancingMember ba:OtherBoeingMember 2018-01-01 2018-12-31 0000012927 ba:CustomerFinancingMember 2018-12-31 0000012927 ba:BCreditRatingMember 2018-12-31 0000012927 ba:BBCreditRatingMember 2018-12-31 0000012927 ba:BBBCreditRatingMember 2018-12-31 0000012927 ba:BCreditRatingMember 2017-12-31 0000012927 ba:BBBCreditRatingMember 2017-12-31 0000012927 ba:CCCCreditRatingMember 2018-12-31 0000012927 ba:CCCCreditRatingMember 2017-12-31 0000012927 ba:BBCreditRatingMember 2017-12-31 0000012927 ba:B747400aircraftMember 2018-12-31 0000012927 ba:B7478Member 2017-12-31 0000012927 srt:B737Member 2017-12-31 0000012927 srt:B717Member 2018-12-31 0000012927 srt:B757Member 2018-12-31 0000012927 ba:MD80AircraftMember 2018-12-31 0000012927 srt:B757Member 2017-12-31 0000012927 ba:B7478Member 2018-12-31 0000012927 srt:B767Member 2017-12-31 0000012927 ba:MD80AircraftMember 2017-12-31 0000012927 srt:B717Member 2017-12-31 0000012927 srt:B777Member 2017-12-31 0000012927 ba:B747400aircraftMember 2017-12-31 0000012927 srt:B777Member 2018-12-31 0000012927 srt:B737Member 2018-12-31 0000012927 us-gaap:PropertyPlantAndEquipmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:PropertyPlantAndEquipmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:PropertyPlantAndEquipmentMember 2016-01-01 2016-12-31 0000012927 ba:CommercialAirplanesDefenseSpaceSecurityandGlobalServicesMember 2017-12-31 0000012927 ba:UnitedLaunchAllianceMember ba:BoeingDefenseSpaceSecuritySegmentMember 2018-12-31 0000012927 ba:UnitedLaunchAllianceMember ba:BoeingDefenseSpaceSecuritySegmentMember 2017-12-31 0000012927 ba:CommercialAirplanesDefenseSpaceSecurityandGlobalServicesMember 2018-12-31 0000012927 ba:SpiritAerosystemsMember 2017-12-31 0000012927 ba:SeaLaunchReceivablesMember 2018-12-31 0000012927 ba:SeaLaunchReceivablesMember ba:KBYuzhnoyeMember 2018-12-31 0000012927 ba:SeaLaunchReceivablesMember ba:SPKoroleyRocketAndSpaceCorporationEnergiaMember 2018-12-31 0000012927 ba:SeaLaunchReceivablesMember ba:POYuzhnoyeMashinostroitelnyZavodMember 2018-12-31 0000012927 ba:SeaLaunchReceivablesMember 2017-12-31 0000012927 ba:FinancingCommitmentMember 2018-12-31 0000012927 ba:NetAmountsPayableToCustomersRelatedToProbableContractualTradeInCommitmentsMember ba:CommercialAircraftCommitmentsMember 2018-12-31 0000012927 ba:FinancingCommitmentMember 2017-12-31 0000012927 ba:NetAmountsPayableToCustomersRelatedToProbableContractualTradeInCommitmentsMember ba:CommercialAircraftCommitmentsMember 2017-12-31 0000012927 ba:TotalcontractualtradeinvaluemaximumMember ba:CommercialAircraftCommitmentsMember 2017-12-31 0000012927 ba:ProbablecontractualtradeinvalueMember ba:CommercialAircraftCommitmentsMember 2017-12-31 0000012927 ba:ProbablecontractualtradeinvalueMember ba:CommercialAircraftCommitmentsMember 2018-12-31 0000012927 ba:TotalcontractualtradeinvaluemaximumMember ba:CommercialAircraftCommitmentsMember 2018-12-31 0000012927 ba:EMDContractMember ba:KC46ATankerMember 2011-12-31 0000012927 ba:MQ25Member 2018-07-01 2018-09-30 0000012927 ba:LowRateInitialProductionMember ba:KC46ATankerMember 2018-09-10 0000012927 ba:TXTrainerMember 2018-07-01 2018-09-30 0000012927 ba:LowRateInitialProductionMember ba:KC46ATankerMember 2017-01-27 0000012927 ba:KC46ATankerMember ba:PotentialTerminationLiabilitiesMember 2018-12-31 0000012927 ba:KC46ATankerMember ba:CapitalizedPrecontractCostsMember 2018-12-31 0000012927 ba:LowRateInitialProductionMember ba:KC46ATankerMember 2016-01-01 2016-12-31 0000012927 ba:FinancingCommitmentMember us-gaap:ExternalCreditRatingNonInvestmentGradeMember 2018-12-31 0000012927 ba:ContingentRepurchaseCommitmentMember 2018-12-31 0000012927 ba:UlaMember ba:ContributedDeltaLaunchInventoryMember 2018-12-31 0000012927 ba:ContingentRepurchaseCommitmentMember 2017-12-31 0000012927 ba:UlaMember ba:ContractPricingMember 2017-12-31 0000012927 us-gaap:FinancialGuaranteeMember 2018-12-31 0000012927 ba:UlaMember ba:OtherDeltaContractsMember 2018-12-31 0000012927 us-gaap:FinancialGuaranteeMember 2017-12-31 0000012927 ba:UlaMember ba:OtherDeltaContractsMember 2017-12-31 0000012927 ba:UlaMember ba:ContributedDeltaLaunchInventoryMember 2017-12-31 0000012927 2011-06-01 2011-06-30 0000012927 2011-12-01 2011-12-31 0000012927 ba:UlaMember ba:ContractPricingMember 2018-01-01 2018-12-31 0000012927 ba:DeferredSupportCostsMember ba:OtherDeltaContractsMember 2018-12-31 0000012927 ba:UlaMember 2018-12-31 0000012927 ba:UlaMember ba:ContractPricingMember 2018-12-31 0000012927 ba:DeferredproductioncostsMember ba:OtherDeltaContractsMember 2018-12-31 0000012927 ba:DeferredSupportAndProductionCostsMember 2018-12-31 0000012927 ba:A5.806.88duethrough2043Member 2018-12-31 0000012927 ba:A0.954.88duethrough2048Member 2017-12-31 0000012927 ba:A6.987.38notesduethrough2021Member 2017-12-31 0000012927 ba:A7.258.75duethrough2043Member 2017-12-31 0000012927 ba:A5.806.88duethrough2043Member 2017-12-31 0000012927 ba:DueThroughTwoThousandThirtyfourMember 2017-12-31 0000012927 ba:A7.258.75duethrough2043Member 2018-12-31 0000012927 ba:DueThroughTwoThousandThirtyfourMember 2018-12-31 0000012927 ba:A0.954.88duethrough2048Member 2018-12-31 0000012927 ba:A6.987.38notesduethrough2021Member 2018-12-31 0000012927 ba:ThreePointEightFivePercentdueonNovember12048Member 2018-10-31 0000012927 ba:ThreePointSixTwoFivePercentdueonMarch12048Member 2018-02-23 2018-02-23 0000012927 ba:ThreePointFourFivePercentdueonNovember12028Member 2018-10-31 2018-10-31 0000012927 us-gaap:CommercialPaperMember 2018-12-31 0000012927 ba:ThreePointSixTwoFivePercentdueonMarch12048Member 2018-02-23 0000012927 2018-02-23 2018-02-23 0000012927 ba:ThreePointTwoFivePercentdueonMarch12028Member 2018-02-23 2018-02-23 0000012927 ba:ThreePointTwoFivePercentdueonMarch12028Member 2018-02-23 0000012927 ba:TwoPointEightPercentdueonMarch12023Member 2018-02-23 2018-02-23 0000012927 ba:ThreePointEightFivePercentdueonNovember12048Member 2018-10-31 2018-10-31 0000012927 ba:TwoPointEightPercentdueonMarch12023Member 2018-02-23 0000012927 us-gaap:CommercialPaperMember 2017-12-31 0000012927 ba:ThreeHundredAndSixtyFourDayRevolvingCreditFacilityMember us-gaap:RevolvingCreditFacilityMember 2018-12-31 0000012927 2018-02-23 0000012927 ba:FiveYearExpirationMember ba:FiveYearCreditFacilityMember us-gaap:RevolvingCreditFacilityMember 2018-12-31 0000012927 ba:ThreePointFourFivePercentdueonNovember12028Member 2018-10-31 0000012927 ba:ThreePointFiveFivePercentdueonMarch12038Member 2018-02-23 2018-02-23 0000012927 ba:ThreePointFiveFivePercentdueonMarch12038Member 2018-02-23 0000012927 2018-10-31 2018-10-31 0000012927 us-gaap:RevolvingCreditFacilityMember 2018-12-31 0000012927 2018-10-31 0000012927 us-gaap:SecuredDebtMember 2018-12-31 0000012927 ba:BoeingCapitalCorporationMember 2017-12-31 0000012927 ba:BoeingCapitalCorporationMember 2018-12-31 0000012927 ba:OtherBoeingDebtMember 2017-12-31 0000012927 ba:OtherBoeingDebtMember 2018-12-31 0000012927 srt:MinimumMember ba:A6.987.38notesduethrough2021Member 2018-12-31 0000012927 ba:FiveYearExpirationMember ba:FiveYearCreditFacilityMember us-gaap:RevolvingCreditFacilityMember 2018-12-31 2018-12-31 0000012927 srt:MaximumMember ba:A6.987.38notesduethrough2021Member 2018-12-31 0000012927 ba:A5.806.88duethrough2043Member 2018-01-01 2018-12-31 0000012927 ba:A7.258.75duethrough2043Member 2018-01-01 2018-12-31 0000012927 srt:MinimumMember ba:A0.954.88duethrough2048Member 2018-12-31 0000012927 srt:MinimumMember ba:A7.258.75duethrough2043Member 2018-12-31 0000012927 srt:MaximumMember ba:A5.806.88duethrough2043Member 2018-12-31 0000012927 ba:A0.954.88duethrough2048Member 2018-01-01 2018-12-31 0000012927 srt:MaximumMember ba:A7.258.75duethrough2043Member 2018-12-31 0000012927 ba:DueThroughTwoThousandThirtyfourMember 2018-01-01 2018-12-31 0000012927 srt:MinimumMember ba:A5.806.88duethrough2043Member 2018-12-31 0000012927 ba:ThreeHundredAndSixtyFourDayRevolvingCreditFacilityMember us-gaap:RevolvingCreditFacilityMember 2018-12-31 2018-12-31 0000012927 ba:A6.987.38notesduethrough2021Member 2018-01-01 2018-12-31 0000012927 srt:MaximumMember ba:A0.954.88duethrough2048Member 2018-12-31 0000012927 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927 us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000012927

us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000012927
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-12-31 0000012927
us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000012927 us-gaap:EquitySecuritiesMember
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:DebtSecuritiesMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-12-31
0000012927 ba:MortgagebackedandassetbackedsecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31
0000012927 ba:NonCashContributionMember 2017-01-01 2017-12-31 0000012927
ba:MortgagebackedandassetbackedsecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31
0000012927 us-gaap:CorporateDebtSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31
0000012927 ba:RealAssetsMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000012927 ba:RealAssetsMember
ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000012927
ba:MortgagebackedassetbackandothersecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31
0000012927 us-gaap:CorporateDebtSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:MortgagebackedassetbackandothersecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31
0000012927 ba:RealAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:CorporateDebtSecuritiesMember
us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember
2018-12-31 0000012927 ba:MortgagebackedassetbackandothersecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:RealAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:PensionPlansDefinedBenefitMember
2016-01-01 2016-12-31 0000012927 us-gaap:OtherIncomeMember us-gaap:PensionPlansDefinedBenefitMember
2018-01-01 2018-12-31 0000012927 us-gaap:OperatingIncomeLossMember
us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000012927
us-gaap:OperatingIncomeLossMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-01-01
2016-12-31 0000012927 ba:OperatingIncomeLossBeforeTaxesMember us-gaap:PensionPlansDefinedBenefitMember
2016-01-01 2016-12-31 0000012927 us-gaap:OperatingIncomeLossMember
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927
us-gaap:OperatingIncomeLossMember us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31
0000012927 us-gaap:OperatingIncomeLossMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember
2018-01-01 2018-12-31 0000012927 us-gaap:OperatingIncomeLossMember
us-gaap:PensionPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000012927 us-gaap:OtherIncomeMember
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000012927
ba:OperatingIncomeLossBeforeTaxesMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember
2017-01-01 2017-12-31 0000012927 ba:OperatingIncomeLossBeforeTaxesMember
us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000012927
ba:OperatingIncomeLossBeforeTaxesMember us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31
0000012927 us-gaap:OtherIncomeMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember

2017-01-01 2017-12-31 0000012927 ba:OperatingIncomeLossBeforeTaxesMember
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000012927
us-gaap:OtherIncomeMember us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927
us-gaap:OtherIncomeMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01
2018-12-31 0000012927 ba:OperatingIncomeLossBeforeTaxesMember
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000012927
us-gaap:OtherIncomeMember us-gaap:PensionPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000012927
ba:DerivativeAssetsMember us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember
2018-12-31 0000012927 us-gaap:PrivateEquityFundsMember us-gaap:PensionPlansDefinedBenefitMember
2017-12-31 0000012927 ba:DerivativeLiabilitiesMember ba:RealEstateAndRealAssetsMember
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:FairValueDisclosureItemAmountsDomain us-gaap:PensionPlansDefinedBenefitMember 2018-12-31
0000012927 ba:DerivativeAssetsMember ba:RealEstateAndRealAssetsMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:MunicipalBondsMember
us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember
2018-12-31 0000012927 us-gaap:USTreasuryAndGovernmentMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:CashAndCashEquivalentsMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:MunicipalBondsMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:MortgagebackedandassetbackedsecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:OtherDebtSecuritiesMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:UnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:MortgagebackedassetbackandothersecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:HedgeFundsMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:OtherDebtSecuritiesMember
us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:OtherDebtSecuritiesMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:MortgagebackedassetbackandothersecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:CorporateDebtSecuritiesMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:ForeignGovernmentDebtSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:NonUnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:RealAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember
2018-12-31 0000012927 ba:DerivativeAssetsMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:RealAssetsMember
ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:UnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:MunicipalBondsMember us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember
2017-12-31 0000012927 us-gaap:RealEstateMember ba:RealEstateAndRealAssetsMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:NonUnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember

us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:RealAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel1Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:RealEstateMember
ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel1Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:MortgagebackedandassetbackedsecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:USTreasuryAndGovernmentMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeAssetsMember
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:CashOnHandMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:RealAssetsMember
ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:NonUnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeLiabilitiesMember
us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember
2018-12-31 0000012927 ba:NonUnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:ForeignGovernmentDebtSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeAssetsMember
us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember
2018-12-31 0000012927 ba:DerivativeLiabilitiesMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:CashAndCashEquivalentsMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:ForeignGovernmentDebtSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:DerivativeLiabilitiesMember us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:MortgagebackedandassetbackedsecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:CorporateDebtSecuritiesMember
us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:DerivativeAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:PrivateEquityFundsMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeAssetsMember
ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:HedgeFundsMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:CashAndCashEquivalentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:OtherDebtSecuritiesMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel1Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeAssetsMember
us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:DerivativeLiabilitiesMember us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel2Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:CorporatedebtsecuritiesandotherMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:CorporateDebtSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeAssetsMember
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel1Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:OtherDebtSecuritiesMember

us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeAssetsMember us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:CommonOrCollectiveOrPooledFundsMember us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:CommonOrCollectiveOrPooledFundsMember us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:CorporateDebtSecuritiesMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:RealEstateMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:OtherDebtSecuritiesMember us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:AmountsReceivableMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:FairValueDisclosureItemAmountsDomain us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeLiabilitiesMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:NonUnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeLiabilitiesMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:CashAndCashEquivalentsMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:CommonOrCollectiveOrPooledFundsMember us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:CashOnHandMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:RealAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:USTreasuryAndGovernmentMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:AmountsReceivableMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeLiabilitiesMember us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:UnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeLiabilitiesMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:USTreasuryAndGovernmentMember us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:PayablesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeAssetsMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeLiabilitiesMember us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeLiabilitiesMember us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:CommonOrCollectiveOrPooledFundsMember us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:ForeignGovernmentDebtSecuritiesMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:PayablesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 us-gaap:USTreasuryAndGovernmentMember us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 ba:DerivativeAssetsMember us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:DerivativeLiabilitiesMember ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember

2017-12-31 0000012927 us-gaap:MunicipalBondsMember us-gaap:DebtSecuritiesMember
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:UnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:UnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:DerivativeAssetsMember us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel1Member
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927 ba:RealAssetsMember
ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel1Member
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927 us-gaap:RealEstateMember
ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
ba:DerivativeLiabilitiesMember ba:RealEstateAndRealAssetsMember us-gaap:PensionPlansDefinedBenefitMember
2018-12-31 0000012927 us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember
2017-01-01 2017-12-31 0000012927 ba:CorporatedebtsecuritiesandotherMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31
0000012927 ba:RealAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000012927 ba:CorporatedebtsecuritiesandotherMember
us-gaap:DebtSecuritiesMember us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember
2016-12-31 0000012927 ba:CorporatedebtsecuritiesandotherMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000012927
us-gaap:USGovernmentCorporationsAndAgenciesSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31
0000012927 ba:UnitedStatesCommonAndPreferredStockMember us-gaap:EquitySecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000012927
us-gaap:USGovernmentCorporationsAndAgenciesSecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000012927
ba:RealAssetsMember ba:RealEstateAndRealAssetsMember us-gaap:FairValueInputsLevel3Member
us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927
ba:MortgagebackedandassetbackedsecuritiesMember us-gaap:DebtSecuritiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000012927
us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000012927
us-gaap:DebtSecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000012927
ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2018PBRSUMember 2018-02-26 2018-02-26
0000012927 us-gaap:RestrictedStockUnitsRSUMember 2018-02-26 2018-02-26 0000012927
us-gaap:RestrictedStockUnitsRSUMember 2016-02-22 2016-02-22 0000012927
us-gaap:RestrictedStockUnitsRSUMember 2017-02-27 2017-02-27 0000012927 srt:MaximumMember
ba:PerformanceAwardsMember ba:A2018performanceawardsMember 2018-12-31 0000012927
us-gaap:RestrictedStockUnitsRSUMember 2017-02-01 2017-02-28 0000012927 srt:MaximumMember
ba:PerformanceAwardsMember ba:A2016PerformanceAwardsMember 2016-12-31 0000012927
ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2016PBRSUMember 2017-02-28 0000012927
us-gaap:RestrictedStockUnitsRSUMember 2016-02-01 2016-02-29 0000012927 srt:MaximumMember
ba:PerformanceAwardsMember ba:A2017PerformanceAwardMember 2017-12-31 0000012927 srt:MinimumMember
ba:PerformanceAwardsMember 2018-12-31 0000012927 srt:MinimumMember
ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2018PBRSUMember 2018-02-26 0000012927
srt:MaximumMember ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2018PBRSUMember
2018-02-26 0000012927 srt:MinimumMember ba:PerformanceAwardsMember

ba:A2018PerformanceAwardMemberMember 2018-02-26 2018-02-26 0000012927 ba:PerformanceAwardsMember ba:A2018PerformanceAwardMemberMember 2018-02-26 2018-02-26 0000012927 us-gaap:RestrictedStockUnitsRSUMember 2018-02-01 2018-02-28 0000012927 ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2016PBRSUMember 2016-02-22 2016-02-22 0000012927 ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2017PBRSUMember 2017-02-27 2017-02-27 0000012927 srt:MaximumMember ba:PerformanceAwardsMember ba:A2018PerformanceAwardMemberMember 2018-02-26 2018-02-26 0000012927 ba:IncentiveProgramRestrictedStockUnitsMember 2018-01-01 2018-12-31 0000012927 ba:IncentiveProgramRestrictedStockUnitsMember 2017-12-31 0000012927 ba:OtherRestrictedStockUnitsMember 2018-12-31 0000012927 ba:OtherRestrictedStockUnitsMember 2017-12-31 0000012927 ba:OtherRestrictedStockUnitsMember 2018-01-01 2018-12-31 0000012927 ba:IncentiveProgramRestrictedStockUnitsMember 2018-12-31 0000012927 ba:IncentiveProgramPerformanceBasedRestrictedStockUnitsMember 2018-01-01 2018-12-31 0000012927 ba:IncentiveProgramPerformanceBasedRestrictedStockUnitsMember 2018-12-31 0000012927 ba:IncentiveProgramPerformanceBasedRestrictedStockUnitsMember 2017-12-31 0000012927 us-gaap:EmployeeStockOptionMember 2018-01-01 2018-12-31 0000012927 us-gaap:EmployeeStockOptionMember 2016-01-01 2016-12-31 0000012927 us-gaap:RestrictedStockUnitsRSUMember 2016-01-01 2016-12-31 0000012927 us-gaap:RestrictedStockUnitsRSUMember 2017-01-01 2017-12-31 0000012927 us-gaap:RestrictedStockUnitsRSUMember 2018-01-01 2018-12-31 0000012927 us-gaap:EmployeeStockOptionMember 2017-01-01 2017-12-31 0000012927 ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember 2018-02-26 2018-02-26 0000012927 ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember 2017-02-27 2017-02-27 0000012927 ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember 2016-02-22 2016-02-22 0000012927 srt:MaximumMember ba:PerformanceAwardsMember 2017-02-01 2017-02-28 0000012927 ba:PerformanceAwardsMember ba:A2017PerformanceAwardsMember 2017-02-01 2017-02-28 0000012927 ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2017PBRSUMember 2018-02-26 0000012927 srt:MinimumMember ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2016PBRSUMember 2017-02-28 0000012927 ba:PerformanceAwardsMember ba:A2016PerformanceAwardsMember 2016-02-01 2016-02-29 0000012927 srt:MaximumMember ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2017PBRSUMember 2018-02-26 0000012927 ba:PerformanceAwardsMember 2018-02-26 2018-02-26 0000012927 srt:MaximumMember ba:PerformanceAwardsMember 2016-02-01 2016-02-29 0000012927 srt:MinimumMember ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2017PBRSUMember 2018-02-26 0000012927 srt:MaximumMember ba:PerformanceBasedRestrictedStockUnitsPBRSUsMember ba:A2016PBRSUMember 2017-02-28 0000012927 ba:A2018ProgramMember 2018-12-17 0000012927 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-01-01 2017-12-31 0000012927 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-12-31 0000012927 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:AccumulatedTranslationAdjustmentMember 2016-12-31 0000012927 us-gaap:AccumulatedTranslationAdjustmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2016-01-01 2016-12-31 0000012927 us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-12-31 0000012927 ba:AccountingStandardsUpdate201802Member us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-01-01 2017-12-31 0000012927 us-gaap:AccumulatedTranslationAdjustmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-12-31 0000012927 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-01-01 2018-12-31 0000012927 us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-01-01 2016-12-31 0000012927 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-12-31 0000012927 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:AccumulatedTranslationAdjustmentMember 2015-12-31 0000012927 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-12-31 0000012927

us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-12-31 0000012927
ba:AccountingStandardsUpdate201802Member us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember
2017-01-01 2017-12-31 0000012927 us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-12-31
0000012927 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-12-31 0000012927
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-12-31 0000012927
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-12-31 0000012927
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-01-01 2017-12-31 0000012927
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0000012927
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-12-31 0000012927
ba:AccountingStandardsUpdate201802Member
us-gaap:AccumulatedNetInvestmentGainLossAttributableToNoncontrollingInterestMember 2017-01-01 2017-12-31
0000012927 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2016-12-31
0000012927 ba:AccountingStandardsUpdate201802Member 2017-01-01 2017-12-31 0000012927
us-gaap:AccumulatedTranslationAdjustmentMember 2018-12-31 0000012927
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0000012927
ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 ba:GlobalServicesMember
2018-01-01 2018-12-31 0000012927 ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31
0000012927 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-12-31 0000012927
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2015-12-31 0000012927
us-gaap:CommodityContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0000012927
us-gaap:CommodityContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0000012927
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2017-12-31 0000012927
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-12-31 0000012927
us-gaap:CommodityContractMember us-gaap:NondesignatedMember 2018-12-31 0000012927
us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31
0000012927 us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember
2018-12-31 0000012927 us-gaap:CommodityContractMember us-gaap:NondesignatedMember 2017-12-31
0000012927 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31
0000012927 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31
0000012927 us-gaap:CommodityContractMember 2018-01-01 2018-12-31 0000012927
us-gaap:CommodityContractMember 2017-01-01 2017-12-31 0000012927
us-gaap:ForeignExchangeContractMember 2018-01-01 2018-12-31 0000012927
us-gaap:ForeignExchangeContractMember 2017-01-01 2017-12-31 0000012927
us-gaap:FairValueInputsLevel3Member 2017-12-31 0000012927 us-gaap:FairValueInputsLevel2Member 2017-12-31
0000012927 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0000012927
us-gaap:PropertyPlantAndEquipmentMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:IncomeApproachValuationTechniqueMember
2017-12-31 0000012927 us-gaap:InvestmentsMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:IncomeApproachValuationTechniqueMember
2018-12-31 0000012927 ba:OperatingLeaseEquipmentAndAssetsHeldForSaleOrReLeaseMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember
us-gaap:MarketApproachValuationTechniqueMember 2017-12-31 0000012927
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember 2017-12-31
0000012927 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember
2018-01-01 2018-12-31 0000012927 us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember 2017-01-01 2017-12-31 0000012927
ba:OtherassetsandAcquiredintangibleassetsMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:IncomeApproachValuationTechniqueMember
2018-12-31 0000012927 us-gaap:InvestmentsMember us-gaap:FairValueMeasurementsNonrecurringMember
2017-01-01 2017-12-31 0000012927 ba:OtherassetsandAcquiredintangibleassetsMember
us-gaap:FairValueMeasurementsNonrecurringMember 2018-01-01 2018-12-31 0000012927

us-gaap:InvestmentsMember us-gaap:FairValueMeasurementsNonrecurringMember 2018-01-01 2018-12-31 0000012927 ba:OtherassetsandAcquiredintangibleassetsMember us-gaap:FairValueMeasurementsNonrecurringMember 2017-01-01 2017-12-31 0000012927 us-gaap:PropertyPlantAndEquipmentMember us-gaap:FairValueMeasurementsNonrecurringMember 2017-01-01 2017-12-31 0000012927 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember 2018-12-31 0000012927 us-gaap:PropertyPlantAndEquipmentMember us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:IncomeApproachValuationTechniqueMember 2018-12-31 0000012927 us-gaap:InvestmentsMember us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:IncomeApproachValuationTechniqueMember 2017-12-31 0000012927 ba:OperatingLeaseEquipmentAndAssetsHeldForSaleOrReLeaseMember us-gaap:FairValueMeasurementsNonrecurringMember 2017-01-01 2017-12-31 0000012927 ba:OperatingLeaseEquipmentAndAssetsHeldForSaleOrReLeaseMember us-gaap:FairValueMeasurementsNonrecurringMember 2018-01-01 2018-12-31 0000012927 us-gaap:PropertyPlantAndEquipmentMember us-gaap:FairValueMeasurementsNonrecurringMember 2018-01-01 2018-12-31 0000012927 ba:OperatingLeaseEquipmentAndAssetsHeldForSaleOrReLeaseMember us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:MarketApproachValuationTechniqueMember 2018-12-31 0000012927 ba:OtherassetsandAcquiredintangibleassetsMember us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:IncomeApproachValuationTechniqueMember 2017-12-31 0000012927 us-gaap:FairValueInputsLevel2Member 2018-12-31 0000012927 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000012927 us-gaap:FairValueInputsLevel3Member 2018-12-31 0000012927 us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000012927 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000012927 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000012927 us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000012927 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000012927 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000012927 ba:AircraftValuePublicationsMember 2018-12-31 0000012927 ba:AircraftConditionAdjustmentsMember srt:MaximumMember 2018-12-31 0000012927 ba:AircraftValuePublicationsMember srt:MaximumMember 2018-12-31 0000012927 ba:AircraftValuePublicationsMember srt:MinimumMember 2018-12-31 0000012927 ba:AircraftConditionAdjustmentsMember 2018-12-31 0000012927 ba:AircraftConditionAdjustmentsMember srt:MinimumMember 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember us-gaap:TransferredOverTimeMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember country:US ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:BoeingDefenseSpaceSecuritySegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:USGovernmentContractsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember country:US ba:BoeingDefenseSpaceSecuritySegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:BoeingDefenseSpaceSecuritySegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:USGovernmentContractsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:BoeingDefenseSpaceSecuritySegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember us-gaap:TransferredOverTimeMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember country:US ba:BoeingDefenseSpaceSecuritySegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:USGovernmentContractsMember ba:BoeingDefenseSpaceSecuritySegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:BoeingDefenseSpaceSecuritySegmentMember us-gaap:TransferredOverTimeMember 2016-01-01 2016-12-31 0000012927 ba:USGovernmentContractsMember us-gaap:SalesMember 2016-01-01 2016-12-31 0000012927 ba:USGovernmentContractsMember us-gaap:SalesMember 2017-01-01 2017-12-31 0000012927 ba:WithinNextfiscalYearMember 2018-12-31 0000012927 ba:WithinNext4FiscalYearsMember 2018-12-31 0000012927 ba:USGovernmentContractsMember us-gaap:SalesMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:CommercialCustomersMember ba:GlobalServicesMember 2017-01-01 2017-12-31 0000012927 us-gaap:IntersegmentEliminationMember ba:GlobalServicesMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:USGovernmentContractsMember ba:GlobalServicesMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:GlobalServicesMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:GlobalServicesMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:GlobalServicesMember us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:CommercialCustomersMember ba:GlobalServicesMember 2016-01-01 2016-12-31 0000012927 us-gaap:IntersegmentEliminationMember ba:GlobalServicesMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:GlobalServicesMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:GovernmentCustomersMember ba:GlobalServicesMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:ExternalCustomersMember ba:GlobalServicesMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:USGovernmentContractsMember ba:GlobalServicesMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:ExternalCustomersMember ba:GlobalServicesMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:USGovernmentContractsMember ba:GlobalServicesMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:GovernmentCustomersMember ba:GlobalServicesMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:GlobalServicesMember us-gaap:TransferredAtPointInTimeMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:ExternalCustomersMember ba:GlobalServicesMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:GlobalServicesMember us-gaap:TransferredAtPointInTimeMember 2017-01-01 2017-12-31 0000012927 us-gaap:IntersegmentEliminationMember ba:GlobalServicesMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:CommercialCustomersMember ba:GlobalServicesMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:GovernmentCustomersMember ba:GlobalServicesMember 2018-01-01 2018-12-31 0000012927 srt:EuropeMember 2016-01-01 2016-12-31 0000012927 country:US 2017-01-01 2017-12-31 0000012927 ba:AsiaOtherThanChinaMember 2017-01-01 2017-12-31 0000012927 ba:OceaniaMember 2016-01-01 2016-12-31 0000012927 country:CN 2016-01-01 2016-12-31 0000012927 country:US 2016-01-01 2016-12-31 0000012927 srt:EuropeMember 2018-01-01 2018-12-31 0000012927 us-gaap:NonUsMember 2016-01-01 2016-12-31 0000012927 country:CA 2016-01-01 2016-12-31 0000012927 country:CN 2017-01-01 2017-12-31 0000012927 us-gaap:NonUsMember 2018-01-01 2018-12-31 0000012927 ba:AsiaOtherThanChinaMember 2016-01-01 2016-12-31 0000012927 us-gaap:MiddleEastMember 2018-01-01 2018-12-31 0000012927 ba:OceaniaMember 2018-01-01 2018-12-31 0000012927 srt:AfricaMember 2017-01-01 2017-12-31 0000012927 us-gaap:NonUsMember 2017-01-01 2017-12-31 0000012927 ba:OceaniaMember 2017-01-01 2017-12-31 0000012927 srt:LatinAmericaMember 2017-01-01 2017-12-31 0000012927 srt:LatinAmericaMember 2018-01-01 2018-12-31 0000012927 country:CN 2018-01-01 2018-12-31 0000012927 country:CA 2018-01-01 2018-12-31 0000012927 srt:LatinAmericaMember 2016-01-01 2016-12-31 0000012927 us-gaap:MiddleEastMember 2017-01-01 2017-12-31 0000012927 ba:AsiaOtherThanChinaMember 2018-01-01 2018-12-31 0000012927 srt:AfricaMember 2016-01-01 2016-12-31 0000012927 country:CA 2017-01-01

2017-12-31 0000012927 srt:EuropeMember 2017-01-01 2017-12-31 0000012927 country:US 2018-01-01 2018-12-31 0000012927 us-gaap:MiddleEastMember 2016-01-01 2016-12-31 0000012927 srt:AfricaMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:ExternalCustomersMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember country:US ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:OtherMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember country:US ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:OtherMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:TransferredAtPointInTimeMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:MiddleEastMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:AsiaOtherThanChinaMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:TransferredAtPointInTimeMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:MiddleEastMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:AsiaOtherThanChinaMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:ExternalCustomersMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:AsiaOtherThanChinaMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember srt:EuropeMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember country:CN ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:ExternalCustomersMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:IntersegmentEliminationMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:MiddleEastMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember srt:EuropeMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:OtherMember ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember srt:EuropeMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:IntersegmentEliminationMember ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember country:CN ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember country:US ba:CommercialAirplanesSegmentMember 2016-01-01 2016-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:TransferredAtPointInTimeMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember country:CN ba:CommercialAirplanesSegmentMember 2018-01-01 2018-12-31 0000012927 us-gaap:OperatingSegmentsMember us-gaap:FixedPriceContractMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:IntersegmentEliminationMember ba:CommercialAirplanesSegmentMember 2017-01-01 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:BoeingCapitalCorporationMember 2018-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember 2018-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember 2017-12-31 0000012927 us-gaap:OperatingSegmentsMember ba:BoeingCapitalCorporationMember 2017-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember us-gaap:PensionPlansDefinedBenefitMember 2018-01-01

2018-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember us-gaap:PensionPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000012927 ba:UnallocateditemseliminationsandotherMember us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000012927 2018-01-01 2018-03-31 0000012927 2018-10-01 2018-12-31 0000012927 2017-10-01 2017-12-31 0000012927 2018-07-01 2018-09-30 0000012927 2018-04-01 2018-06-30 0000012927 2017-04-01 2017-06-30 0000012927 2017-07-01 2017-09-30 0000012927 2017-01-01 2017-03-31 0000012927 ba:TXTrainerMember 2018-07-01 2018-09-30 0000012927 ba:KC46ATankerMember 2017-07-01 2017-09-30 0000012927 ba:KC46ATankerMember 2017-01-01 2017-03-31 0000012927 ba:KC46ATankerMember 2018-01-01 2018-03-31 0000012927 ba:KC46ATankerMember 2018-04-01 2018-06-30 0000012927 ba:SpiritAerosystemsMember 2018-03-31 0000012927 ba:KC46ATankerMember 2018-07-01 2018-09-30 0000012927 2016-10-01 2016-12-31 0000012927 ba:KC46ATankerMember 2018-10-01 2018-12-31 0000012927 ba:MQ25Member 2018-07-01 2018-09-30 xbrli:shares iso4217:USD xbrli:shares xbrli:pure iso4217:USD ba:segments ba:aircraft

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

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 par value	New York Stock Exchange
(Title of each class)	**(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 x 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 x

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 x 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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.Yes x 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 x Accelerated filer ¨

Non-accelerated filer ¨ Smaller reporting company ¨

Emerging growth company ¨

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of June 30, 2018, there were 575,883,680 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 $193.2 billion.

The number of shares of the registrant’s common stock outstanding as of February 1, 2019 was 564,985,109.

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, 2018.

Table of Contents

THE BOEING COMPANY
Index to the Form 10-K
For the Fiscal Year Ended December 31, 2018

Table of Contents

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 certain 737 MAX derivatives and the 777X program.

Defense, Space & Security Segment

This segment is engaged 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 is engaged 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 86% of its 2018 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 Strike Eagle, P-8 programs, KC-46A Tanker, and T-X Trainer. This segment produces rotorcraft and rotary-wing programs, such as CH-47 Chinook, AH-64 Apache, and V-22 Osprey. In addition, this segment's products include space and missile systems including: government and commercial satellites, 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

Table of Contents

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 and manages overall financing exposure. BCC's portfolio consists of equipment under operating leases, 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.

Employees

Total workforce level at December 31, 2018 was approximately 153,000. As of December 31, 2018, 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)	22%	We have two major agreements; one expiring in June 2022 and one in September 2024.
The Society of Professional Engineering Employees in Aerospace (SPEEA)	11%	We have two major agreements expiring in October 2022.
The United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)	1%	We have one major agreement expiring in October 2022.

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 greater value products.

BDS faces strong competition in all market segments, primarily from Lockheed Martin Corporation, Northrop Grumman Corporation, Raytheon Company, 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.

Table of Contents

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 2019.

The commercial and defense services market is an extremely challenging landscape 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 2019, 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 deal 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. 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 Joint Aviation Authorities.

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 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 or former facilities or at 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

Table of Contents

framework would allow us to pursue rights to contribution from other PRPs. For additional information relating to environmental contingencies, see Note 14 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 with a number of companies.

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. 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 that contains reports, proxy statements and other information regarding SEC registrants, including Boeing.

Table of Contents

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 expressi 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.

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. In addition, availability of financing to non-U.S. customers depends in part on the Export-Import Bank of the United States being fully operational. 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

5

Table of Contents

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, 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 and performance and reliability standards. 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. As a result, our ability to deliver aircraft on time, satisfy regulatory and customer requirements, and achieve or maintain, as applicable, program profitability is subject to significant risks.

We must minimize disruption caused by production changes and achieve productivity improvements in order to meet customer demand and maintain our profitability. We have plans to adjust production rates on several of our commercial aircraft programs, while at the same time engaging in significant ongoing development and production of the 777X aircraft. 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 certifications, 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.

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 United States Department of Defense (U.S. DoD). Levels of U.S. defense spending are very difficult to predict and may be impacted by numerous factors such as the political environment, U.S.

foreign policy, macroeconomic conditions and the ability of the U.S. government to enact relevant legislation such as authorization and appropriations bills.

The Bipartisan Budget Act of 2018 raised preexisting spending caps for fiscal years 2018 and 2019 (FY18 and FY19). The consolidated spending bills signed into law in September 2018 provide defense funding for FY19. However, other departments and agencies, including the National Aeronautics and Space Administration (NASA) and the Federal Aviation Administration (FAA), are being temporarily funded at FY18 levels. Failure to enact a Continuing Resolution or FY19 appropriations by February 15, 2019 would result in a partial government shutdown affecting these departments and agencies. Such a shutdown could impact the Company's operations. In addition, reduced discretionary spending limits initially enacted in 2011 would take effect again in fiscal years 2020 and 2021 (FY20 and FY21) unless Congress acts to raise the spending caps or to repeal or suspend the law establishing the reduced limits. As a result, continued budget uncertainty and the risk of future sequestration cuts remain and it is likely that U.S. government discretionary spending levels will continue to be subject to pressure.

In addition, there continues to be significant uncertainty with respect to future program-level appropriations for the U.S. DoD and other government agencies (including NASA) within the overall budgetary framework described above. While the House and Senate Appropriations Committees included funding for Boeing's major programs, such as F/A-18 Super Hornet, CH-47 Chinook, AH-64 Apache, V-22 Osprey, KC-46A Pegasus Tanker and P-8 Poseidon, in their final FY19 defense appropriations, uncertainty remains about how defense budgets in FY20 and beyond will affect Boeing's programs. 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 the results of the Company's operations, financial position and/or cash flows.

In addition, as a result of the significant ongoing uncertainty with respect to both U.S. defense spending levels and the nature of the threat environment, we expect the U.S. DoD to continue to emphasize cost-cutting and other efficiency initiatives in its procurement processes. If we can no longer adjust successfully to these changing acquisition priorities and/or fail to meet affordability targets set by the U.S. DoD customer, our revenues and market share would be further impacted.

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

In 2018, 31% of our revenues were earned pursuant to U.S. government contracts, which include foreign military sales (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 result in increased compliance costs, and we could be subject to additional costs in the form of withheld payments and/or reduced future business if we fail to comply with these requirements in the future. Compliance costs attributable to current and potential future procurement regulations such as these could negatively impact our financial condition and operating results.

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

Table of Contents

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 earnings, cash flow and/or financial position.

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 65% and 77% of their 2018 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. If our estimated costs exceed our estimated price, we recognize reach-forward losses which can significantly affect our reported results. For example, during 2018, we recorded reach-forward losses totaling $736 million on the USAF KC-46A Tanker contract primarily reflecting higher estimated costs associated with certification, testing and change incorporation on aircraft, as well as higher than expected effort to meet customer requirements in order to support delivery of the initial aircraft. In addition, in 2018, in connection with winning the T-X and MQ-25 Stingray competitions, we recorded a loss of $400 million associated with options for 346 T-X Trainer aircraft and a loss of $291 million related to the MQ-25 Stingray Engineering, Manufacturing and Development (EMD) contract. 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, Saudi F-15, USAF KC-46A Tanker, T-X Trainer, VC-25B Presidential Aircraft, MQ-25 Stingray, and commercial and military satellites.

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

Our BDS and BGS defense businesses generated approximately 35% and 23% of their 2018 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

8

performance issues arise. Programs whose contracts are primarily cost-type include 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.

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. For example, the 737 program experienced supply chain disruptions in 2018 that impacted the timing of certain deliveries during the year. In addition, if one or more of the raw materials on which we depend (such as aluminum, titanium or composites) becomes unavailable 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 geo-political 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.

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. Suppliers’ assertions are also assessed and considered in estimating costs and profit rates. Estimates of award fees are also used in sales and profit rates based on actual and anticipated awards.

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

Table of Contents

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. 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 – Contract Accounting/Program Accounting" on pages 43 – 44 and Note 1 to our Consolidated Financial Statements on pages 54 – 66 of this Form 10-K.

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, fewer large and new programs and new priorities, including near and long-term cost competitiveness, of 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 2018, non-U.S. customers, which includes FMS, accounted for approximately 56% 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;
- 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;

Table of Contents

- 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.

Unauthorized access to our or our customers' 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. Many of these customers face similar security threats. If we cannot prevent the unauthorized access, release and/or corruption of our customers' confidential, classified or personally identifiable information, our reputation could be damaged, and/or we could face financial losses.

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 and results of operations.

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 earnings, cash flows and/or financial position could be materially adversely affected.

Table of Contents

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. As of December 31, 2018 and 2017, our airplane financing commitments totaled $19,462 million and $10,221 million. If we require additional funding in order to fund outstanding financing commitments or meet other business requirements, our market liquidity may not be sufficient. 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. The occurrence of any or all of these events may adversely affect our ability to fund our operations and contractual or financing commitments.

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. For example, in 2018 we completed the acquisition of KLX Inc., a provider of aviation parts and services. 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.

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, missile systems, 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.

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 weather or other acts of nature and pandemics or other public health crises. Any of these disruptions could affect our internal operations or our ability to deliver products and services to our customers. Any significant production delays, or any destruction, manipulation or improper

Table of Contents

use of our 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.

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

Approximately 54,000 employees, which constitute 35% of our total workforce, were union represented as of December 31, 2018. 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 13 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.

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.

The majority 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-Pension Plans" on page 45 of this Form 10-K. Although Generally Accepted Accounting Principles in the United States of America (GAAP) expense and pension or other postretirement benefit 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.

Table of Contents

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 may be 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 may become subject to such costs due to an indemnification agreement between us and a third party relating to such environmental liabilities. In addition, 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 14 to our Consolidated Financial Statements.

Item 1B. Unresolved Staff Comments

Not applicable

Item 2. Properties

We occupied approximately 88 million square feet of floor space on December 31, 2018 for manufacturing, warehousing, engineering, administration and other productive uses, of which approximately 95% was located in the United States. The following table provides a summary of the floor space by business as of December 31, 2018:

(Square feet in thousands)	Owned	Leased	Government Owned[1]	Total
Commercial Airplanes	40,822	2,264		43,086
Defense, Space & Security	25,991	5,315		31,306
Global Services	684	8,140		8,824
Other[2]	2,499	1,777	318	4,594
Total	69,996	17,496	318	87,810

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

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

At December 31, 2018, we occupied in excess of 80.1 million square feet of floor space at the following major locations:

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

Table of Contents

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. We believe that our major properties are adequate for our present needs and, as supplemented by planned improvements and construction, expect them to remain adequate for the foreseeable future.

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 22 to our Consolidated Financial Statements, which is hereby incorporated by reference.

Item 4. Mine Safety Disclosures

Not applicable

Table of Contents

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 February 1, 2019, there were 104,376 shareholders of record.

Issuer Purchases of Equity Securities

The following table provides information about purchases we made during the quarter ended December 31, 2018 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act:

(Dollars in millions, except per share data)

	(a) Total Number of Shares Purchased[1]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs[2]
10/1/2018 thru 10/31/2018	1,567,983	$374.79	1,560,854	$9,000
11/1/2018 thru 11/30/2018	16,910	334.84		9,000
12/1/2018 thru 12/31/2018	4,295	328.26		20,000
Total	1,589,188	$374.24	1,560,854	

(1) We purchased an aggregate of 1,560,854 shares of our common stock in the open market pursuant to our repurchase plan and 28,334 shares transferred to us from employees in satisfaction of minimum tax withholding obligations associated with the vesting of restricted stock units during the period. We did not purchase shares in swap transactions.

(2) On December 17, 2018, we announced a new repurchase plan for up to $20 billion of common stock, replacing the plan previously authorized in 2017.

Table of Contents

Item 6. Selected Financial Data
Five-Year Summary (Unaudited)

(Dollars in millions, except per share data)	**2018**	2017	2016	2015 [2]	2014 [2]
Revenues	**$101,127**	$94,005	$93,496	$96,114	$90,762
Net earnings from continuing operations	**$10,460**	$8,458	$5,034	$5,176	$5,446
Basic earnings per share from continuing operations	**$18.05**	$14.03	$7.92	$7.52	$7.47
Diluted earnings per share from continuing operations	**17.85**	13.85	7.83	7.44	7.38
Dividends declared per share[1]	**7.19**	5.97	4.69	3.82	3.10
Cash and cash equivalents	**$7,637**	$8,813	$8,801	$11,302	$11,733
Short-term and other investments	**927**	1,179	1,228	750	1,359
Total assets	**117,359**	112,362	109,076	94,408	92,921
Total debt	**13,847**	11,117	9,952	9,964	9,070
Operating cash flow	**$15,322**	$13,346	$10,496	$9,363	$8,858
Total backlog	**$490,481**	$474,640	$473,492 [2]	$489,299	$502,391
Year-end workforce	**153,000**	140,800	150,500	161,400	165,500

[1] Cash dividends have been paid on common stock every year since 1942.

[2] Amounts prior to 2016, along with 2016 Backlog, do not reflect impact of the adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606); ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost; ASU 2016-18 Statement of Cash Flows (Topic 230) Restricted Cash; in the first quarter of 2018. See Note 2 to our Consolidated Financial Statements for additional information.

Table of Contents

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, 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.

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,	**2018**	2017	2016
Revenues	**$101,127**	$94,005	$93,496
GAAP			
Earnings from operations	**11,987**	10,344	6,527
Operating margins	**11.9 %**	11.0 %	7.0 %
Effective income tax rate	**9.9 %**	16.3 %	13.0 %
Net earnings	**$10,460**	$8,458	$5,034
Diluted earnings per share	**$17.85**	$13.85	$7.83
Non-GAAP (1)			
Core operating earnings	**$10,660**	$8,906	$5,170
Core operating margins	**10.5 %**	9.5 %	5.5 %
Core earnings per share	**$16.01**	$12.33	$6.94

(1) These measures exclude certain components of pension and other postretirement benefit expense. See page 40 - 42 for important information about these non-GAAP measures and reconciliations to the most comparable GAAP measures.

Table of Contents

Revenues

The following table summarizes Revenues:

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Commercial Airplanes	**$60,715**	$58,014	$59,378
Defense, Space & Security	**23,195**	20,561	20,180
Global Services	**17,018**	14,581	13,819
Boeing Capital	**274**	307	298
Unallocated items, eliminations and other	**(75)**	542	(179)
Total	**$101,127**	$94,005	$93,496

Revenues in 2018 increased by $7,122 million or 8% compared with 2017 due to higher revenues at BCA, BDS, and BGS. BCA revenues increased by $2,701 million due to higher 737 and 787 deliveries and favorable 737 and 787 model mix, which more than offset lower 777 and 747 deliveries. BDS revenues increased by $2,634 million primarily due to non-US contract awards for fighters, higher weapons revenue, the final C-17 aircraft sale and higher satellites revenue. BGS revenues increased by $2,437 million due to growth across our services portfolio, primarily driven by higher parts revenue including the acquisition of KLX Inc. (KLX). The increases at BCA, BDS, and BGS were partially offset by lower unallocated revenue.

Revenues in 2017 increased by $509 million or 1% compared with 2016. BDS revenues increased by $381 million primarily due to higher weapons revenue. BGS revenues increased by $762 million primarily due to higher commercial parts revenue. The increases at BDS and BGS were partially offset by lower BCA revenues, primarily due to delivery mix, with fewer twin aisle deliveries more than offsetting the impact of higher single aisle deliveries.

The changes in Unallocated items, eliminations and other in 2018, 2017 and 2016 primarily reflect the timing of eliminations for intercompany aircraft deliveries and the sale of aircraft previously leased to customers.

Table of Contents

Earnings From Operations

The following table summarizes Earnings from operations:

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Commercial Airplanes	**$7,879**	$5,452	$1,981
Defense, Space & Security	**1,594**	2,193	1,678
Global Services	**2,522**	2,246	2,159
Boeing Capital	**79**	114	59
Segment Operating Profit	**12,074**	10,005	5,877
Pension FAS/CAS service cost adjustment	**1,005**	1,127	1,029
Postretirement FAS/CAS service cost adjustment	**322**	311	328
Unallocated items, eliminations and other	**(1,414)**	(1,099)	(707)
Earnings from operations (GAAP)	**$11,987**	$10,344	$6,527
FAS/CAS service cost adjustment *	**(1,327)**	(1,438)	(1,357)
Core operating earnings (Non-GAAP) **	**$10,660**	$8,906	$5,170

* 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 page 40.

Earnings from operations in 2018 increased by $1,643 million compared with 2017, primarily due to higher earnings at BCA and BGS, which more than offset the decrease at BDS and the change in Unallocated items, eliminations and other. BCA earnings from operations increased by $2,427 million in 2018 due to higher revenues and improved operating margins. The increase in operating margins is primarily due to higher 787 margins, improved cost performance and favorable delivery mix. BGS earnings from operations increased by $276 million in 2018 primarily due to higher revenues, partially offset by higher period costs. BDS earnings from operations in 2018 decreased by $599 million compared with 2017 as earnings' growth from higher revenues was more than offset by charges of $691 million related to winning the T-X Trainer and MQ-25 competitions, as well as $199 million of higher KC-46A Tanker reach-forward losses.

Earnings from operations in 2017 increased by $3,817 million compared with 2016 due to higher earnings at BCA and BDS, partially offset by the change in Unallocated items, eliminations and other. BCA earnings from operations increased by $3,471 million in 2017 primarily due to lower reach-forward losses, lower research and development costs, and improved margins reflecting favorable cost performance. In 2016, BCA recorded reach-forward losses of $1,258 million on the 747 program and reclassified $1,235 million of 787 flight test aircraft inventory costs to research and development. The reclassification of flight test aircraft costs was recorded in the second quarter of 2016 as a result of our determination that two 787 flight test aircraft were no longer commercially saleable. BDS earnings from operations increased by $515 million in 2017 primarily due to lower charges on the KC-46A Tanker and Commercial Crew programs.

During 2018, 2017 and 2016, we recorded reach-forward losses on the KC-46A Tanker program. In 2018, we recorded charges of $736 million, of which $500 million was recorded at BCA, $222 million at BDS, and $14 million at BGS. During 2017, we recorded charges of $445 million: $378 million at BCA, $44 million at BGS, and $23 million at BDS. During 2016, we recorded charges of $1,127 million: $772 million at BCA and $351 million at BDS.

Core operating earnings for 2018 increased by $1,754 million compared with 2017 primarily due to higher earnings at BCA and BGS, partially offset by lower earnings at BDS and higher unallocated expenses.

Table of Contents

Core operating earnings in 2017 increased by $3,736 million compared with 2016 primarily due to higher earnings at BCA 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,	**2018**	2017	2016
Share-based plans	**($76)**	($77)	($66)
Deferred compensation	**(19)**	(240)	(46)
Eliminations and other unallocated items	**(1,319)**	(782)	(595)
Unallocated items, eliminations and other	**($1,414)**	($1,099)	($707)

Deferred compensation expense decreased by $221 million in 2018 and increased by $194 million in 2017, primarily driven by changes in broad stock market conditions and our stock price.

Eliminations and other unallocated expense increased by $537 million in 2018 primarily due to timing of expense allocations, higher research and development expense and a $148 million charge incurred related to the outcome of the Spirit litigation. See the discussion in Note 13 to our Consolidated Financial Statements.

Eliminations and other unallocated expense increased by $187 million in 2017 primarily due to the timing of expense allocations.

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

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

(Dollars in millions)	Pension		
Years ended December 31,	**2018**	2017	2016
Allocated to business segments	**($1,318)**	($1,637)	($2,286)
Pension FAS/CAS service cost adjustment	**1,005**	1,127	1,029
Net periodic benefit cost included in Earnings from operations	**($313)**	($510)	($1,257)

The pension FAS/CAS service cost adjustment recognized in earnings in 2018, 2017, and 2016 were largely consistent across all periods. The decrease in net periodic benefit costs included in Earnings from operations in 2017 was primarily due to lower service costs reflecting the transition of employees in 2016 to defined contribution retirement savings plans.

For additional discussion related to Postretirement Plans, see Note 17 to our Consolidated Financial Statements.

Table of Contents

Other Earnings Items

(Dollars in millions)			
Years ended December 31,	**2018**	2017	2016
Earnings from operations	**$11,987**	$10,344	$6,527
Other income/(loss), net	**92**	123	(438)
Interest and debt expense	**(475)**	(360)	(306)
Earnings before income taxes	**11,604**	10,107	5,783
Income tax expense	**(1,144)**	(1,649)	(749)
Net earnings from continuing operations	**$10,460**	$8,458	$5,034

Other income/(loss), net decreased by $31 million in 2018 primarily due to lower gains from foreign exchange, partially offset by higher interest income. Other income/(loss), net increased by $561 million in 2017 primarily due to a decrease in non-operating pension and postretirement costs and higher gains from foreign exchange. The non-operating pension expense included in Other income/(loss), net was a benefit of $143 million in 2018 and $117 million in 2017, compared with an expense of $327 million in 2016. The benefits in 2018 and 2017 reflect expected returns in excess of interest cost and amortization of actuarial losses. The expense in 2016 reflects the amortization of non-service costs previously capitalized as inventory in prior years, primarily interest cost and amortization of actuarial losses in excess of expected returns.

Interest and debt expense increased by $115 million in 2018 as a result of higher debt balances and lower capitalized interest and increased by $54 million in 2017 as a result of lower capitalized interest.

For additional discussion related to Income Taxes, see Note 6 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, certain military derivative aircraft contracts at BCA and certain contracts at our BGS segment are long-term contracts with the U.S. government and other customers that generally extend over several years. Costs on these contracts are recorded as incurred.

The following table summarizes cost of sales:

(Dollars in millions)						
Years ended December 31	**2018**	2017	Change	2017	2016	Change
Cost of sales	**$81,490**	$76,612	$4,878	$76,612	$79,026	($2,414)
Cost of sales as a % of revenues	**80.6%**	81.5%	(0.9%)	81.5%	84.5%	(3.0)%

Cost of sales in 2018 increased by $4,878 million, or 6%, compared with 2017, primarily due to higher revenue and higher reach-forward losses at BCA and BDS.

Cost of sales in 2017 decreased by $2,414 million, or 3%, compared with 2016, primarily due to lower reach-forward losses at BCA and BDS.

Table of Contents

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

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Commercial Airplanes	**$2,188**	$2,247	$3,706
Defense, Space & Security	**788**	834	816
Global Services	**161**	140	152
Other	**132**	(42)	(48)
Total	**$3,269**	$3,179	$4,626

Research and development expense in 2018 increased by $90 million compared with 2017 due to investment in product development, partially offset by lower spending on 777X and 787-10.

Research and development expense in 2017 decreased by $1,447 million compared with 2016 primarily due to the reclassification of $1,235 million of costs from inventory in the second quarter of 2016 related to the fourth and fifth 787 flight test aircraft as well as lower spending on the 737 MAX, 787-10, and 777X.

Backlog

Our backlog at December 31 was as follows:

(Dollars in millions)

Years ended December 31,	**2018**	2017
Commercial Airplanes	**$412,307**	$410,986
Defense, Space & Security	**57,166**	44,049
Global Services	**21,008**	19,605
Total Backlog	**$490,481**	$474,640
Contractual backlog	**462,070**	456,984
Unobligated backlog	**28,411**	$17,656
Total Backlog	**$490,481**	$474,640

Contractual backlog of unfilled orders excludes purchase options, announced orders for which definitive contracts have not been executed, and unobligated U.S. and non-U.S. government contract funding. The increase in contractual backlog during 2018 was primarily due to BDS orders and funding for contract awards in excess of revenue recognized.

Unobligated backlog includes U.S. and non-U.S. government definitive contracts for which funding has not been authorized. The increase in unobligated backlog in 2018 was primarily due to contract awards, partially offset by reclassifications to contractual backlog related to BDS and BGS contracts.

Additional Considerations

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. The KC-46A Tanker is a derivative of our 767 commercial aircraft. This Engineering, Manufacturing and Development (EMD) contract is a fixed-price incentive fee contract valued at $4.9 billion and involves highly complex designs and systems integration. In 2016, following our achievement of key flight testing milestones, the USAF authorized two LRIP lots for 7 and 12 aircraft valued at $2.8 billion, and in 2017, the USAF authorized an additional LRIP lot for 15 aircraft valued at $2.1 billion. On September 10, 2018, the USAF authorized an additional LRIP lot for 18 aircraft valued at $2.9 billion. The contract contains production options for both LRIP aircraft and

Table of Contents

full rate production aircraft. If all options under the contract are exercised, we expect to deliver 179 aircraft for a total expected contract value of approximately $30 billion. In January 2019, we delivered the first KC-46A Tanker to the USAF.

During 2016, we recorded reach-forward losses of $1,127 million related to the EMD contract and LRIP aircraft. During 2017, we recorded reach-forward losses of $445 million related to this program, primarily reflecting higher estimated costs associated with certification and incorporating changes into LRIP aircraft. During 2018, we recorded additional reach-forward losses of $736 million primarily reflecting higher estimated costs associated with certification, flight testing and change incorporation on aircraft, as well as higher than expected effort to meet customer requirements in order to support delivery of the initial aircraft. As with any development program, this program remains subject to additional reach-forward losses and/or delivery delays if we experience further production, technical or quality issues, and delays in flight testing, certification and/or delivery.

Export-Import Bank of the United States Many of our non-U.S. customers finance purchases through the Export-Import Bank of the United States. Following the expiration of the bank’s charter on June 30, 2015, the bank’s charter was reauthorized in December 2015. The bank is now authorized through September 30, 2019. However, until the U.S. Senate confirms members sufficient to reconstitute a quorum of the bank’s board of directors, the bank will not be able to approve any transaction totaling more than $10 million. As a result, we may fund additional commitments and/or enter into new financing arrangements with customers. Certain of our non-U.S. customers also may seek to delay purchases if they cannot obtain financing at reasonable costs, and there may be further impacts with respect to future sales campaigns involving non-U.S. customers. We continue to work with our customers to mitigate risks associated with the lack of a quorum of the bank’s board of directors and assist with alternative third party financing sources.

Global Trade On June 1, 2018, the U.S. Government began imposing 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. We continue to monitor the potential for any extra costs that may result from these actions.

On July 6, 2018, the U.S. and China began imposing tariffs on approximately $34 billion of each other's exports. Certain aircraft parts and components that Boeing procures are subject to these tariffs. Subsequently, the U.S. imposed tariffs on an additional $216 billion in Chinese goods, and China imposed tariffs on an additional $76 billion worth of U.S goods. On December 1, 2018, the U.S. and China agreed to a 90-day timetable to negotiate a resolution to the trade dispute. We continue to monitor the potential for any disruption and adverse revenue and/or cost impacts that may result from these actions or future geopolitical economic developments.

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

Table of Contents

Segment Results of Operations and Financial Condition
Commercial Airplanes
Business Environment and Trends

Airline Industry Environment Global economic growth, a primary driver for air travel, was above the long-term average of approximately 3% in 2018. Passenger traffic is estimated to grow by 6.5% in 2018, exceeding the long-term average of approximately 5%. While growth was strong across all major world regions, there continues to be variation between regions and airline business models. Airlines operating in Asia Pacific, Europe and North America, as well as low-cost-carriers globally, are currently leading the growth in passenger traffic. Air cargo traffic growth is expected to be between 4.0% and 4.5% in 2018, around the long-term average.

Airline financial performance also plays a role in the demand for new capacity. Airlines continue to focus on increasing revenue through alliances, partnerships, new marketing initiatives, and effective leveraging of ancillary services and related revenues. Airlines are also focusing on reducing costs and renewing fleets to leverage more efficient airplanes. Net profits in 2018 are expected to approximate $32 billion.

The long-term outlook for the industry continues to remain positive due to the fundamental drivers of air travel demand: economic growth and the increasing propensity to travel due to increased trade, globalization, and improved airline services driven by liberalization of air traffic rights between countries. Our 20-year forecast projects a long-term average growth rate of 4.7% per year for passenger traffic and 4.2% for cargo traffic. Based on long-term global economic growth projections of 2.8% average annual GDP growth, we project a $6.3 trillion market for approximately 42,700 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 and increased global environmental regulations.

Industry Competitiveness The commercial jet airplane market and the airline industry remain extremely competitive. Market liberalization in Europe, the Middle East and Asia is enabling low-cost airlines to continue gaining market share. These airlines are increasing the pressure on airfares. This results in continued cost pressures for all airlines and price pressure on our products. Major productivity gains are essential to ensure a favorable market position at acceptable profit margins.

Continued access to global markets remains vital to our ability to fully realize our sales potential and long-term investment returns. Approximately 88% 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. With government support, Airbus has historically invested heavily to create a family of products to compete with ours. Regional jet makers, Embraer and Bombardier, continue to develop and market larger and increasingly more capable airplanes. During 2018, Airbus acquired a majority share of Bombardier's C Series (now A220) and is in the 100-150 seat transcontinental market, while Embraer's first E195-E2 delivered in 2018. Additionally, other competitors from Russia, China and Japan are 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 commercial viability; others to be brought to market more quickly than otherwise possible; and many offered for sale below market-based prices. Many competitors have continued 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 cost-reduction efforts, which enhances our ability to compete. 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,	**2018**		2017		2016	
Revenues	**$60,715**		$58,014		$59,378	
% of total company revenues	**60**	**%**	62	%	64	%
Earnings from operations	**$7,879**		$5,452		$1,981	
Operating margins	**13.0**	**%**	9.4	%	3.3	%
Research and development	**$2,188**		$2,247		$3,706	

Revenues

BCA revenues increased by $2,701 million or 5% in 2018 compared with 2017 due to higher 737 and 787 deliveries and favorable 737 and 787 model mix, which more than offset lower 777 and 747 deliveries. BCA revenues decreased by $1,364 million or 2% in 2017 compared with 2016 primarily due to delivery mix, with fewer twin aisle deliveries more than offsetting the impact of higher single aisle deliveries.

Commercial Airplanes deliveries as of December 31 were as follows:

	737	*	**747**	†	**767**	*	**777**	**787**	**Total**
2018									
Cumulative deliveries	**7,312**		**1,548**		**1,133**		**1,582**	**781**	
Deliveries	**580**	(18)	**6**		**27**	(10)	**48**	**145**	**806**
2017									
Cumulative deliveries	6,732		1,542		1,106		1,534	636	
Deliveries	529	(17)	14	(1)	10		74	136	763
2016									
Cumulative deliveries	6,203		1,528		1,096		1,460	500	
Deliveries	490	(19)	9	(3)	13		99	137	748

* Intercompany deliveries identified by parentheses

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

Earnings From Operations

Earnings from operations in 2018 increased by $2,427 million compared with 2017. The increase in operating earnings reflects higher revenues and improved operating margins. The increase in operating margins is primarily due to higher 787 margins, improved cost performance and favorable delivery mix. Earnings from operations in 2017 increased by $3,471 million compared with 2016. The increase in operating earnings and operating margins is primarily due to lower reach-forward losses, lower research and development costs, and improved margins reflecting favorable cost performance, which more than offset the impact of lower revenues. Research and development expense in 2016 reflects the reclassification from inventory to research and development expense of $1,235 million related to the fourth and fifth 787 flight test aircraft and higher planned spending related to the 777X program.

Table of Contents

Reach-forward losses of $500 million, $378 million and $772 million were recorded related to the KC-46A Tanker in 2018, 2017 and 2016, respectively. During 2016, we recorded reach-forward losses on the 747 program of $1,258 million.

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. A number of our customers may have contractual remedies that may be implicated by program delays. 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 ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

BCA total backlog of $412,307 million at December 31, 2018 increased from $410,986 million at December 31, 2017, primarily due to net orders in excess of deliveries.

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.

Table of Contents

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.

	Program						
	737 †	747*	767	777 †	777X	787 †
2018						
Program accounting quantities	**10,400**	**1,574**	**1,195**	**1,680**	**	**1,600**
Undelivered units under firm orders	**4,708** (75)	**24**	**111**	**100** (2)	**326**	**604** (30)
Cumulative firm orders	**12,020** (75)	**1,572**	**1,244**	**1,682** (2)	**326**	**1,385** (30)
2017						
Program accounting quantities	9,800	1,570	1,171	1,625	**	1,400
Undelivered units under firm orders***	4,613	12	98	97	326	640
Cumulative firm orders***	11,345	1,554	1,204	1,631	326	1,276
2016						
Program accounting quantities	9,000	1,555	1,159	1,625	**	1,300
Undelivered units under firm orders***	4,452	28	93	136	306	700
Cumulative firm orders***	10,655	1,556	1,189	1,596	306	1,200

† Aircraft ordered by BCC are identified in parentheses.

* At December 31, 2018, the 747 accounting quantity includes one already completed aircraft that has not been sold and is being remarketed.

** The accounting quantity for the 777X will be determined in the year of first airplane delivery, targeted for 2020.

*** Cumulative firm orders adjusted to reflect the adoption of Topic 606 in the first quarter of 2018.

Program Highlights

737 Program The accounting quantity for the 737 program increased by 600 units during 2018 due to the program’s normal progress of obtaining additional orders and delivering airplanes. We delivered the first 737 MAX 8 in May 2017, announced the launch of the 737 MAX 10 in June 2017 and delivered the first 737 MAX 9 in March 2018. The production rate increased from 47 per month to 52 per month in the second quarter of 2018, however the timing of deliveries in 2018 was adversely affected by delays in the supply chain. We continue to plan to increase the production rate to 57 per month in 2019.

747 Program During the fourth quarter of 2018, we received a firm order for 4 new aircraft and increased the accounting quantity by 4 units to 1,574 aircraft. The program accounting quantity now includes aircraft scheduled to be produced through 2022. We are currently producing at a rate of 0.5 aircraft per month having reduced the rate from 1.0 per month in September 2016. In 2016, we recorded reach-forward losses of $1,258 million as lower than expected demand for large commercial passenger and freighter aircraft and slower than expected growth of global freight traffic resulted in lower anticipated revenues from future sales and higher costs to produce fewer airplanes. We continue to evaluate the viability of the 747 program. We believe that a decision to end production of the 747 at the end of the current accounting quantity would not have a material impact on our financial position, results of operations or cash flows.

Table of Contents

767 Program The accounting quantity for the 767 program increased by 24 units during the first quarter of 2018 due to the program's normal progress of obtaining additional orders and delivering airplanes. The 767 assembly line includes a 767 derivative to support the tanker program. We are currently producing at a rate of 2.5 per month and plan to increase to 3 per month in 2020.

777 Program The accounting quantity for the 777 program increased by 55 units during 2018 due to the program's normal progress of obtaining additional orders and delivering airplanes. We are currently producing at a rate of 5 per month. In 2013, we launched the 777X, which features a new composite wing, new engines and folding wing-tips. The 777X will have a separate program accounting quantity, which will be determined in the year of first airplane delivery, targeted for 2020.

787 Program The accounting quantity for the 787 program increased by 200 units during 2018 due to the program's normal progress of obtaining additional orders and delivering airplanes. We are currently producing at a rate of 12 per month and plan to increase to 14 per month in 2019. We delivered the first 787-10 in March 2018.

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 1.0% 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.

Go-ahead and Initial Delivery

737 MAX 7	2011				2019	
737 MAX 8	2011		2017			
737 MAX 9	2011			2018		
737 MAX 10			2017			2020
787-10		2013		2018		
777X		2013				2020

Reflects models in development during 2018

We launched the 737 MAX 7, 8 and 9 in August 2011 and the 737 MAX 10 in June 2017. We launched the 787-10 in June 2013 and the 777X in November 2013.

Additional Considerations

The development and ongoing production of commercial aircraft is extremely complex, involving extensive coordination and integration with suppliers and highly-skilled labor from employees and other partners. Meeting or exceeding our performance and reliability standards, as well as those of customers and regulators, can be costly and technologically challenging. In addition, the introduction of new aircraft and derivatives, such as the 777X, involves increased risks associated with meeting development, production and certification schedules. As a result, our ability to deliver aircraft on time, satisfy performance and reliability standards and achieve or maintain, as applicable, program profitability is subject to significant risks. Factors that could result in lower margins (or a material charge if an airplane program has or is determined to have reach-forward losses) include the following: changes to the program accounting quantity, customer and model mix, production costs and rates, changes to price escalation factors due to changes in the inflation rate or other economic indicators, performance or reliability issues involving completed aircraft, capital expenditures and other costs associated with increasing or adding new

Table of Contents

production capacity, learning curve, additional change incorporation, achieving anticipated cost reductions, flight test and certification schedules, costs, schedule and demand for new airplanes and derivatives and status of customer claims, supplier assertions and other contractual negotiations. While we believe the cost and revenue estimates incorporated in the consolidated financial statements are appropriate, the technical complexity of our airplane programs creates financial risk as additional completion costs may become necessary or scheduled delivery dates could be extended, which could trigger termination provisions, order cancellations or other financially significant exposure.

Defense, Space & Security

Business Environment and Trends

United States Government Defense Environment Overview

The Bipartisan Budget Act of 2018, passed in February 2018, raised the 2011 Budget Control Act spending caps for fiscal years 2018 and 2019 (FY18 and FY19). The consolidated spending bills signed into law in September 2018 provide defense funding for FY19, in compliance with the revised caps. These bills also provide FY19 appropriations for most of the federal government. Full year funding for the departments and agencies not covered by enacted FY19 appropriations, including the National Aeronautics and Space Administration (NASA) and Federal Aviation Administration (FAA), remains uncertain. The unfunded departments and agencies affected by the partial government shutdown (December 22, 2018 through January 25, 2019) are now covered by a Continuing Resolution that extends funding at FY18 levels through February 15, 2019. Congress and the President must agree to FY19 appropriations or an additional Continuing Resolution to fund affected departments and agencies beyond the February 15 deadline in order to prevent a second partial government shutdown. The impact of a partial government shutdown to the Company’s operations would increase as the shutdown continues.

There continues to be uncertainty with respect to future program-level appropriations for the U.S. DoD and other government agencies, including NASA. The 2011 Budget Control Act continues to mandate limits on U.S. government discretionary spending for fiscal years 2020 and 2021 (FY20 and FY21). The lower budget caps will take effect again in FY20 and FY21 unless Congress acts to raise the spending caps or to repeal or suspend the law. As a result, continued budget uncertainty and the risk of future sequestration cuts remain. Future budget cuts or investment priority changes could result in reductions, cancellations and/or delays of existing contracts or programs. Any of these impacts could have a material effect on the results of the Company’s 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 2018, 30% of BDS backlog was attributable to non-U.S. customers.

Results of Operations

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Revenues	**$23,195**	$20,561	$20,180
% of total company revenues	**23 %**	22 %	22 %
Earnings from operations	**$1,594**	$2,193	$1,678
Operating margins	**6.9 %**	10.7 %	8.3 %

Table of Contents

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 year, or year-to-year comparisons of revenues, earnings and backlog 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,	**2018**	2017	2016
F/A-18 Models	**17**	23	25
F-15 Models	**10**	16	15
C-17 Globemaster III			4
CH-47 Chinook (New)	**13**	9	25
CH-47 Chinook (Renewed)	**17**	35	25
AH-64 Apache (New)		11	31
AH-64 Apache (Remanufactured)	**23**	57	34
P-8 Models	**16**	19	18
C-40A			1
Total	**96**	170	178

New-build satellite deliveries were as follows:

Years ended December 31,	**2018**	2017	2016
Commercial and civil satellites	**1**	3	5
Military satellites	**1**	1	2

Revenues

BDS revenues in 2018 increased by $2,634 million compared with 2017 primarily due to non-US contract awards for fighters, higher weapons revenue, the final C-17 aircraft sale and higher satellites revenue. Net favorable cumulative contract catch-up adjustments to revenue for 2018 were $214 million lower than the comparable period in the prior year, reflecting increased unfavorable adjustments on the KC-46A Tanker recorded in 2018.

BDS revenues in 2017 increased by $381 million compared with 2016 primarily due to higher weapons revenue. Net favorable cumulative contract catch-up adjustments to revenue for 2017 were $81 million higher than the comparable period in the prior year, reflecting decreased unfavorable adjustments on the KC-46A Tanker recorded in 2017.

Earnings From Operations

BDS earnings from operations in 2018 decreased by $599 million compared with 2017 as earnings' growth from higher revenues was more than offset by charges of $691 million related to winning the T-X Trainer and MQ-25 competitions, as well as $199 million of higher KC-46A Tanker reach-forward losses. Net favorable cumulative contract catch-up adjustments to earnings for 2018 were $315 million lower than the comparable period in the prior year, driven by higher charges on development programs in 2018.

Table of Contents

BDS earnings from operations in 2017 increased by $515 million compared with 2016 primarily due to lower charges on the KC-46A Tanker and Commercial Crew programs. Higher earnings reflect the favorable impact of cumulative catch-up adjustments which were $374 million higher in 2017 than in 2016, primarily driven by lower charges on development programs in 2017.

BDS earnings from operations include equity earnings of $147 million, $183 million and $249 million primarily from our ULA and non-U.S. joint ventures in 2018, 2017 and 2016, respectively.

During 2018, 2017 and 2016, BDS recorded charges related to the KC-46A Tanker contract of $222 million, $23 million and $351 million, respectively.

Backlog

Total backlog of $57,166 million at December 31, 2018 increased by 30% from $44,049 million at December 31, 2017, primarily due to current year contract awards in many of our programs greater than revenue recognized. Significant orders included Satellites, F/A-18 fighters, Ground-based Midcourse Defense, weapons, VC-25B Presidential Aircraft, V-22 Osprey, CH-47 Chinook, MQ-25 Stingray and T-X Trainer.

Additional Considerations

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

Some of our development programs are contracted on a fixed-price basis and BDS customers are increasingly seeking fixed priced proposals for new programs. Examples of significant fixed-price development programs include Commercial Crew, Saudi F-15, USAF KC-46A Tanker, T-X Trainer, VC-25B Presidential Aircraft, MQ-25 Stingray, and commercial and military satellites. New programs could also have risk for reach-forward loss upon contract award and during the period of contract performance. In the third quarter, we were awarded contracts to develop the T-X Trainer aircraft with complementary devices and the MQ-25 Stingray. We recorded orders of $1,618 million and recognized losses of $691 million associated with these contracts. Many development programs have highly complex designs. As technical or quality issues arise during development, we may experience schedule delays and cost impacts, which could increase our estimated cost to perform the work or reduce our estimated price, either of which could result in a material charge or otherwise adversely affect our financial condition. These programs are ongoing, and while we believe the cost and fee estimates incorporated in the financial statements are appropriate, the technical complexity of these programs creates financial risk as additional completion costs may become necessary or scheduled delivery dates could be extended, which could trigger termination provisions, the loss of satellite in-orbit incentive payments, or other financially significant exposure. These programs have risk for reach-forward losses if our estimated costs exceed our estimated contract revenues.

KC-46A Tanker See the discussion of the KC-46A Tanker program on page 23.

United Launch Alliance See the discussion of Indemnifications to ULA and Financing Commitments in Notes 8 and 15 to our Consolidated Financial Statements.

Sea Launch See the discussion of the Sea Launch receivables in Note 13 to our Consolidated Financial Statements.

Commercial Crew See the discussion of Fixed-Price Development Contracts in Note 14 to our Consolidated Financial Statements.

Table of Contents

T-X Trainer In September 2018, we were selected by the U.S. Air Force to build the next generation training capability, known as T-X. The program includes aircraft and simulators as well as support and ground equipment. The contract is structured as an indefinite delivery/indefinite quantity (IDIQ) fixed-price contract with a minimum of 206 aircraft and a maximum of 475 aircraft. The EMD contract is a fixed-price contract valued at $813 million and includes five aircraft and seven simulators, with a period of performance that runs through 2022. The production and support contracts are structured as options that begin with authorization from fiscal year 2022 to 2034. In connection with winning this competition, we recorded a reach-forward loss of $400 million associated with anticipated losses on the options for 346 aircraft that we believe are probable of being exercised. We believe that our investment in this contract positions us for additional market opportunities for both trainer and light attack aircraft.

MQ-25 Stingray In August 2018, we were awarded an EMD contract to build the MQ-25 Stingray for the U.S. Navy. The EMD contract is a fixed-price contract that includes development and delivery of four aircraft and test articles at a contract price of $805 million. In connection with winning this competition, we recognized a reach-forward loss of $291 million. The period of performance runs from 2018 through 2024. The MQ-25 Stingray is the U.S. Navy’s first operational carrier-based unmanned aircraft, and we believe that our investment in this contract positions us for long-term leadership in autonomy and artificial intelligence technologies along with additional market opportunities.

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. We expect the market to grow by around 3.5% annually.

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.

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 30, 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.

Table of Contents

Results of Operations

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Revenues	**$17,018**	$14,581	$13,819
% of total company revenues	**17 %**	16 %	15 %
Earnings from operations	**$2,522**	$2,246	$2,159
Operating margins	**14.8 %**	15.4 %	15.6 %

Revenues

BGS revenues in 2018 increased by $2,437 million compared with 2017 due to growth across our services portfolio, primarily driven by higher parts revenue including the acquisition of KLX. Net favorable cumulative contract catch-up adjustments to revenue were $63 million lower in 2018 than in 2017.

BGS revenues in 2017 increased by $762 million compared with 2016 primarily due to higher commercial parts revenues. Net favorable cumulative contract catch-up adjustments to revenue were $19 million higher in 2017 than in 2016.

Earnings From Operations

BGS earnings from operations in 2018 increased by $276 million compared with 2017 primarily due to higher revenues, partially offset by higher period costs. Net favorable cumulative contract catch-up adjustments were $25 million lower in 2018 than in 2017.

BGS earnings from operations in 2017 increased by $87 million compared with 2016 primarily due to higher revenues, partially offset by commercial services mix. Net favorable cumulative contract catch-up adjustments were $51 million lower in 2017 than in 2016.

Backlog

BGS total backlog of $21,008 million at December 31, 2018 increased by 7% from $19,605 million at December 31, 2017, primarily due to current year contract awards, partially offset by revenue recognized on contracts awarded in prior years.

Additional Considerations

KLX See the discussion of the KLX acquisition in Note 3 to our Consolidated Financial Statements.

Table of Contents

Boeing Capital

Business Environment and Trends

BCC's gross customer financing and investment portfolio atDecember 31, 2018 totaled $2,792 million. A substantial portion of BCC's portfolio is related to customers that we believe 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 $601 million and $480 million during 2018 and 2017. While we may be required to fund a number of new aircraft deliveries in 2019 and/or provide refinancing for existing bridge debt, we expect alternative financing will be available at reasonable prices from broad and globally diverse sources. However, a number of factors could cause BCC's new business volume to increase further, including if the Export-Import Bank of the United States continues to be unable to, or does not, approve new financing transactions.

Aircraft values and lease rates are impacted by the number and type of aircraft that are currently out of service. Approximately 1,700 western-built commercial jet aircraft (6.7% of current world fleet) were parked at the end of 2018, including both in-production and out-of-production aircraft types. Of these parked aircraft, approximately 2% are not expected to return to service. At the end of 2017 and 2016, 8.3% and 8.8% 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.

Results of Operations

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Revenues	**$274**	$307	$298
Earnings from operations	**$79**	$114	$59
Operating margins	**29 %**	37 %	20 %

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 in2018 decreased by $33 million compared with 2017 primarily due to lower lease income driven by a smaller portfolio, partially offset by gain on sale of assets. BCC's revenues in2017 were consistent with 2016.

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 2018 decreased by $35 million primarily due to lower revenues. Earnings from operations in 2017 increased by $55 million primarily due to lower asset impairment and depreciation expenses.

Table of Contents

Financial Position

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

(Dollars in millions)	**2018**	2017
Customer financing and investment portfolio, net	**$2,790**	$3,003
Other assets, primarily cash and short-term investments	**717**	677
Total assets	**$3,507**	$3,680
Other liabilities, primarily deferred income taxes	**$523**	$653
Debt, including intercompany loans	**2,487**	2,523
Equity	**497**	504
Total liabilities and equity	**$3,507**	$3,680
Debt-to-equity ratio	**5.0-to-1**	5.0-to-1

BCC's customer financing and investment portfolio atDecember 31, 2018 decreased from December 31, 2017, primarily due to $812 million of note payoffs, asset sales and portfolio run-off, partially offset by new volume.

Aircraft subject to leases with a carrying value of approximately $84 million are scheduled to be returned off lease during 2019. We are seeking to remarket these aircraft or have the leases extended.

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

Liquidity and Capital Resources

Cash Flow Summary

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Net earnings	**$10,460**	$8,458	$5,034
Non-cash items	**2,578**	2,636	2,540
Changes in working capital	**2,284**	2,252	2,922
Net cash provided by operating activities	**15,322**	13,346	10,496
Net cash used by investing activities	**(4,621)**	(2,058)	(3,378)
Net cash used by financing activities	**(11,722)**	(11,350)	(9,587)
Effect of exchange rate changes on cash and cash equivalents	**(53)**	80	(33)
Net (decrease) / increase in cash & cash equivalents, including restricted	**(1,074)**	18	(2,502)
Cash & cash equivalents, including restricted, at beginning of year	**8,887**	8,869	11,371
Cash & cash equivalents, including restricted, at end of year	**$7,813**	$8,887	$8,869

Operating Activities Net cash provided by operating activities was $15.3 billion during 2018, compared with $13.3 billion during 2017 and $10.5 billion in 2016. The increase of $2.0 billion in 2018 was primarily driven by higher earnings and lower spending on inventory, partially offset by lower advances. The increase of $2.9 billion in 2017 was primarily driven by higher advances more than offsetting inventory increases.

Table of Contents

Advances and progress billings increased by $2.6 billion in 2018, increased by $4.7 billion in 2017 and decreased by $1.3 billion in 2016. During 2017, our discretionary contributions to our pension plans included $14.4 million shares of our common stock with an aggregate value of $3.5 billion and $0.5 billion in cash. Discretionary contributions to our pension plans were insignificant in 2018 and 2016.

Investing Activities Cash used by investing activities during 2018, 2017 and 2016 was $4.6 billion, $2.1 billion and $3.4 billion primarily due to acquisitions during the second half of 2018 and the timing of investments. Acquisitions net of cash acquired were $3.2 billion in 2018, compared with $0.3 billion in 2017 and 2016. Capital expenditures totaled $1.7 billion in both 2018 and 2017, down from $2.6 billion in 2016. We expect capital expenditures in 2019 to be higher than 2018. Net proceeds from investments was $0.3 billion in 2018 and insignificant in 2017, compared with net contributions to investments of $0.5 billion in 2016.

Financing Activities Cash used by financing activities was $11.7 billion during 2018, an increase of $0.4 billion compared with 2017 primarily due to higher dividend payments partially offset by higher net borrowings. Cash used by financing activities was $11.4 billion during 2017, an increase of $1.8 billion compared with 2016, primarily due to higher share repurchases and dividend payments. Net borrowings were $1.4 billion in 2018, $1.1 billion in 2017 and insignificant in 2016.

At December 31, 2018 and 2017 the recorded balance of debt was $13.8 billion and $11.1 billion of which $3.2 billion and $1.3 billion was classified as short-term. At December 31, 2018 and 2017 this included $2.5 billion of debt attributable to BCC, of which $0.5 billion and $0.9 billion were classified as short-term.

During 2018 and 2017 we repurchased 26.1 million and 46.1 million shares totaling $9.0 billion and $9.2 billion through our open market share repurchase program. In 2018 and 2017, we had 0.7 million shares transferred to us from employees for tax withholdings. At December 31, 2018, the amount available under the share repurchase plan, announced on December 17, 2018, totaled $20 billion.

Capital Resources We have substantial borrowing capacity. Any future borrowings may affect our credit ratings and are subject to various debt covenants as described below. We have a commercial paper program that serves as a source of short-term liquidity. At December 31, 2018 and 2017, commercial paper borrowings totaling $1,895 million and $600 million, which were supported by unused commitments under the revolving credit agreement. We had no commercial paper borrowings in 2016. At December 31, 2018, we had $5.1 billion of unused borrowing capacity on revolving credit line agreements. We anticipate that these credit lines will primarily serve as backup liquidity to support our general corporate borrowing needs.

Financing commitments totaled $19.5 billion and $10.2 billion at December 31, 2018 and 2017. The increase primarily relates to commercial airplane orders received in 2018. 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. In addition, many of our non-U.S. customers finance aircraft purchases through the Export-Import Bank of the United States. Following the expiration of the bank’s charter on June 30, 2015, the bank’s charter was reauthorized in December 2015. The bank is now authorized through September 30, 2019. However, until the U.S. Senate confirms members sufficient to reconstitute a quorum of the bank’s board of directors, the bank will not be able to approve any transaction totaling more than $10 million. As a result, we may fund additional commitments and/or enter into new financing arrangements with customers.

In the event we require additional funding to support strategic business opportunities, our commercial aircraft financing commitments, unfavorable resolution of litigation or other loss contingencies, or other business requirements, we expect to meet increased funding requirements by issuing commercial paper or term debt. We believe our ability to access external capital resources should be sufficient to satisfy existing short-term and long-term commitments and plans, and also to provide adequate financial flexibility

37

Table of Contents

to take advantage of potential strategic business opportunities should they arise within the next year. However, there can be no assurance of the cost or availability of future borrowings under our commercial paper program or in the debt markets.

At December 31, 2018 and 2017, our pension plans were $15.3 billion and $16.4 billion underfunded as measured under GAAP. On an Employee Retirement Income Security Act (ERISA) basis our plans are 96% funded at December 31, 2018 with minimal required contributions in 2019. We do not expect to make contributions to our pension plans in 2019. We may be required to make higher contributions to our pension plans in future years.

At December 31, 2018, we were in compliance with the covenants for our debt and credit facilities. The most restrictive covenants include a limitation on mortgage debt and sale and leaseback transactions as a percentage of consolidated net tangible assets (as defined in the credit agreements), and a limitation on consolidated debt as a percentage of total capital (as defined). When considering debt covenants, we continue to have substantial borrowing capacity.

Contractual Obligations

The following table summarizes our known obligations to make future payments pursuant to certain contracts as of December 31, 2018, and the estimated timing thereof.

(Dollars in millions)	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt (including current portion)	$13,932	$3,137	$1,927	$1,326	$7,542
Interest on debt	6,458	523	891	752	4,292
Pension and other postretirement cash requirements	14,379	606	1,627	5,050	7,096
Capital lease obligations	164	58	75	20	11
Operating lease obligations	1,850	278	432	291	849
Purchase obligations not recorded on the Consolidated Statements of Financial Position	126,693	51,784	41,470	22,649	10,790
Purchase obligations recorded on the Consolidated Statements of Financial Position	19,900	19,076	716	80	28
Total contractual obligations [1]	$183,376	$75,462	$47,138	$30,168	$30,608

(1) Excludes income tax matters. As of December 31, 2018, our net liability for income taxes payable, including uncertain tax positions of $2,412 million, was $2,392 million. For further discussion of income taxes, see Note 6 to our Consolidated Financial Statements. We are not able to reasonably estimate the timing of future cash flows related to uncertain tax positions.

Pension and Other Postretirement Benefits Pension cash requirements are based on an estimate of our minimum funding requirements, pursuant to 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.

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.

Table of Contents

Purchase Obligations 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 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 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.

Industrial Participation Agreements 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 2018, we incurred no such penalties. As of December 31, 2018, we have outstanding industrial participation agreements totaling $18.4 billion that extend through 2030. 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.

Table of Contents

Commercial Commitments

The following table summarizes our commercial commitments outstanding as of December 31, 2018.

(Dollars in millions)	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	$3,761	$1,274	$1,703	$1	$783
Commercial aircraft financing commitments	19,462	2,331	6,216	5,189	5,726
Total commercial commitments	$23,223	$3,605	$7,919	$5,190	$6,509

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. Based on historical experience, we anticipate that we will not be required to fund a significant portion of our financing commitments. However, there can be no assurances that we will not be required to fund greater amounts than historically required, particularly if the Export-Import Bank of the United States continues to be unable to, or does not, provide new financing support. See Note 14 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 22 to our Consolidated Financial Statements.

Environmental Remediation We are involved with various environmental remediation activities and have recorded a liability of $555 million at December 31, 2018. For additional information, see Note 14 to our Consolidated Financial Statements.

Off-Balance Sheet Arrangements

We are a party to certain off-balance sheet arrangements including certain guarantees. For discussion of these arrangements, see Note 15 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 Generally Accepted Accounting Principles in the United States of America (GAAP) which we supplement with certain non-GAAP financial information. These non-GAAP measures should not be considered in isolation or as a substitute for the related GAAP measures, and other companies may define such measures differently. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Core operating earnings, core operating margin and core earnings per share exclude the FAS/CAS service cost adjustment. The FAS/CAS service cost adjustment represents the difference between the FAS pension and postretirement service costs calculated under GAAP and costs allocated to the business segments. Core earnings per share excludes both the FAS/CAS service cost adjustment and non-operating pension and postretirement expenses. Non-operating pension and postretirement expenses represent the components of net periodic benefit costs other than service cost. Pension costs, comprising service and prior service costs computed in accordance with GAAP are allocated

Table of Contents

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 adjustment recognized in earnings during 2018 was a benefit of $1,005 million, largely consistent with a benefit of $1,127 million in 2017 and $1,029 million in 2016. The non-operating pension expense included in Other income/(loss), net was a benefit of $143 million in 2018 and $117 million in 2017, compared with an expense of $327 million in 2016. The benefits in 2018 and 2017 reflect expected returns in excess of interest cost and amortization of actuarial losses. The expense in 2016 reflects the amortization of non-service costs previously capitalized as inventory in prior years, primarily interest cost and amortization of actuarial losses in excess of expected returns.

For further discussion of pension and other postretirement costs see the Management's Discussion and Analysis on page 21 of this Form 10-K and see Note 23 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.

Table of Contents

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,	**2018**	2017	2016
Revenues	**$101,127**	$94,005	$93,496
Earnings from operations, as reported	**$11,987**	$10,344	$6,527
Operating margins	**11.9 %**	11.0 %	7.0 %
Pension FAS/CAS service cost adjustment[1]	**($1,005)**	($1,127)	($1,029)
Postretirement FAS/CAS service cost adjustment[1]	**($322)**	($311)	($328)
FAS/CAS service cost adjustment[1]	**($1,327)**	($1,438)	($1,357)
Core operating earnings (non-GAAP)	**$10,660**	$8,906	$5,170
Core operating margins (non-GAAP)	**10.5 %**	9.5 %	5.5 %
Diluted earnings per share, as reported	**$17.85**	$13.85	$7.83
Pension FAS/CAS service cost adjustment[1]	**($1.71)**	($1.84)	($1.60)
Postretirement FAS/CAS service cost adjustment[1]	**($0.55)**	($0.51)	($0.51)
Non-operating pension expense[2]	**($0.24)**	($0.19)	$0.51
Non-operating postretirement expense[2]	**$0.17**	$0.20	$0.23
Provision for deferred income taxes on adjustments [3]	**$0.49**	$0.82	$0.48
Core earnings per share (non-GAAP)	**$16.01**	$12.33	$6.94
Weighted average diluted shares (in millions)	**586.2**	610.7	643.8

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

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

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

Table of Contents

Other

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 and Section 13(r) of the Securities Exchange Act of 1934, as amended, require disclosure of certain activities, transactions or dealings relating to Iran that occurred during the period covered by this report. Disclosure is required even if the activities, transactions or dealings were conducted in compliance with applicable law. In connection with the U.S. withdrawal from the Joint Comprehensive Plan of Action (Iran Nuclear Agreement), we engaged in activities during the third quarter that were required to unwind and terminate all agreements with Iranian airlines entered into prior to the withdrawal. These activities were authorized by a license from the U.S. Office of Foreign Assets Control (OFAC), and generated no revenues or profits. In addition, during the fourth quarter Iran Aseman Airlines requested Boeing support, and we replied that the current laws of the United States do not permit Boeing to provide any services, parts, or aircraft without a license from OFAC.

Critical Accounting Policies

Accounting for long-term contracts

Substantially all contracts at BDS, certain military derivative aircraft contracts at BCA 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, 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, 2018 and 2016 net unfavorable cumulative catch-up adjustments, including reach-forward losses, across all long-term contracts decreased Earnings from operations by $190 million and $263 million. For the year ended December 31, 2017, net favorable cumulative catch-up adjustments, including reach-forward losses, across all long-term contracts increased Earnings from operations by $250 million.

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 margin for all long-term contract performance obligations for all of 2018 had been estimated to be higher or lower by 1%, it would have increased or decreased pre-tax income for the year by approximately $297 million. In addition, a number of our fixed price development contracts are in a reach-forward loss position. Changes to estimated losses are recorded immediately in earnings.

Program Accounting

Program accounting requires the demonstrated ability to reliably estimate the relationship of sales to costs 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 of the revenue and cost of existing and anticipated contracts. For each program, the amount reported as cost of sales is determined by applying the estimated cost of sales percentage for the total remaining program to the amount of sales recognized for airplanes delivered and accepted by the customer.

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, 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. Changes in estimates are normally recognized on a prospective basis; however, when estimated costs to complete a program exceed estimated revenues from undelivered units in the accounting quantity, a loss provision is recorded in the current period for the estimated loss on all undelivered units in the accounting quantity. For example, in 2016, we recorded a reach-forward loss of $1,258 million on the 747 program.

The program method of accounting allocates tooling and other non-recurring and production costs over the accounting quantity for each program. Because of the higher unit production costs experienced at the beginning of a new program and substantial investment required for initial tooling and other non-recurring costs, new commercial aircraft programs, such as the 787 and 777X programs, typically have lower initial margins than established programs. In addition, actual costs incurred for earlier units in excess of the estimated average cost of all units in the program accounting quantity are included within program inventory as deferred production costs. Deferred production, unamortized tooling and other non-recurring costs are expected to be fully recovered when all units in the accounting quantity are delivered as the expected unit cost for later deliveries is below the estimated average cost as learning curve and other improvements are realized.

Due to the significance of judgment in the estimation process described above, it is reasonably possible that changes in underlying circumstances or assumptions could have a material effect on program gross margins. If the combined gross margin percentages for our commercial airplane programs had been estimated to be 1% higher or lower it would have a similar effect on the Commercial Airplane segment’s

Table of Contents

operating margins. For the year ended December 31, 2018, a 1% increase or decrease in operating margins for our Commercial Airplane segment would have a $607 million impact on operating earnings.

Goodwill and Indefinite-Lived Intangible Impairments

We test goodwill for impairment by performing a qualitative assessment or using a two-step impairment process. 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 operations. 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 related operations, the two-step impairment process is then performed; otherwise, no further testing is required.

For operations where the two-step impairment process is used, we first compare the book value of net assets to the fair value of the related operations. If the fair value is determined to be less than book value, a second step is performed to compute the amount of the impairment. In this process, a fair value for goodwill is estimated, based in part on the fair value of the operations, and is compared to its carrying value. The shortfall of the fair value below carrying value represents the amount of goodwill impairment.

We estimate the fair values of the related operations using discounted cash flows. Forecasts of future cash flows are based on our best estimate of future sales and operating costs, based primarily on existing firm orders, expected future orders, 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 assessment of goodwill as of April 1, 2018 and determined that there is no impairment of goodwill. As of December 31, 2018, we estimated that the fair value of each reporting unit significantly exceeded its corresponding carrying value. Changes in our forecasts, or decreases in the value of our common stock could cause book values of certain operations to exceed their fair values which may result in goodwill impairment charges in future periods.

As of December 31, 2018 and 2017, we had $490 million of indefinite-lived intangible assets related to the Jeppesen and Aviall brand and trade names acquired in business combinations. We test these intangibles for impairment by comparing their carrying value to current projections of discounted cash flows attributable to the brand and trade names. Any excess carrying value over the amount of discounted cash flows represents the amount of the impairment. A 10% decrease in the discounted cash flows would not impact the carrying value of these indefinite-lived intangible assets.

Pension Plans

The majority 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.

Table of Contents

The following table shows the sensitivity of our pension plan liability and net periodic cost to a 25 basis point change in the discount rate as of December 31, 2018.

(Dollars in millions)	Change in discount rate Increase 25 bps	Change in discount rate Decrease 25 bps
Pension plans		
Projected benefit obligation	($1,947)	$2,408
Net periodic pension cost	(30)	29

Pension cost is also 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 2018 net periodic pension cost by $154 million.

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-rate debt obligations, and customer financing assets and liabilities. Additionally, BCC uses interest rate swaps with certain debt obligations to manage exposure to interest rate changes. Historically, we have not experienced material gains or losses on our customer financing assets and liabilities due to interest rate changes. As of December 31, 2018, the impact over the next 12 months of a 100 basis point rise in interest rates to our pre-tax earnings would not be significant. 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.

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, 2018, 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 $262 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.

Table of Contents

Item 8. Financial Statements and Supplementary Data
Index to the Consolidated Financial Statements

Table of Contents

The Boeing Company and Subsidiaries
Consolidated Statements of Operations
(Dollars in millions, except per share data)

Years ended December 31,	**2018**	2017	2016
Sales of products	**$90,229**	$83,740	$83,198
Sales of services	**10,898**	10,265	10,298
Total revenues	**101,127**	94,005	93,496
Cost of products	**(72,922)**	(68,879)	(71,013)
Cost of services	**(8,499)**	(7,663)	(7,954)
Boeing Capital interest expense	**(69)**	(70)	(59)
Total costs and expenses	**(81,490)**	(76,612)	(79,026)
	19,637	17,393	14,470
Income from operating investments, net	**111**	204	303
General and administrative expense	**(4,567)**	(4,095)	(3,613)
Research and development expense, net	**(3,269)**	(3,179)	(4,626)
Gain/(loss) on dispositions, net	**75**	21	(7)
Earnings from operations	**11,987**	10,344	6,527
Other income/(loss), net	**92**	123	(438)
Interest and debt expense	**(475)**	(360)	(306)
Earnings before income taxes	**11,604**	10,107	5,783
Income tax expense	**(1,144)**	(1,649)	(749)
Net earnings	**$10,460**	$8,458	$5,034
Basic earnings per share	**$18.05**	$14.03	$7.92
Diluted earnings per share	**$17.85**	$13.85	$7.83

See Notes to the Consolidated Financial Statements on pages 54 –113.

Table of Contents

The Boeing Company and Subsidiaries
Consolidated Statements of Comprehensive Income
(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Net earnings	**$10,460**	$8,458	$5,034
Other comprehensive income/(loss), net of tax:			
Currency translation adjustments	**(86)**	128	(104)
Unrealized gain/(loss) on certain investments, net of tax of ($1), ($1) and $1	**2**	1	(2)
Derivative instruments:			
Unrealized (loss)/gain arising during period, net of tax of $40, ($66), and $4	**(146)**	119	(8)
Reclassification adjustment for loss included in net earnings, net of tax of ($8), ($28), and ($43)	**30**	52	78
Total derivative instruments, net of tax	**(116)**	171	70
Defined benefit pension plans & other postretirement benefits:			
Net actuarial gain/(loss) arising during the period, net of tax of ($105), $248, and $752	**384**	(495)	(1,365)
Amortization of actuarial losses included in net periodic pension cost, net of tax of ($242), ($272), and ($288)	**878**	542	524
Settlements and curtailments included in net income, net of tax of ($2), $0, and ($7)	**8**		14
Pension and postretirement benefit/(cost) related to our equity method investments, net of tax ($6), $5, and ($7)	**22**	(11)	12
Amortization of prior service credits included in net periodic pension cost, net of tax of $39, $59, and $31	**(143)**	(117)	(57)
Prior service cost arising during the period, net of tax of ($94), ($14), and ($18)	**341**	28	33
Total defined benefit pension plans & other postretirement benefits, net of tax	**1,490**	(53)	(839)
Other comprehensive income/(loss), net of tax	**1,290**	247	(875)
Comprehensive loss related to noncontrolling interests	**(21)**	(2)	(1)
Comprehensive income, net of tax	**$11,729**	$8,703	$4,158

See Notes to the Consolidated Financial Statements on pages 54 – 113.

Table of Contents

The Boeing Company and Subsidiaries
Consolidated Statements of Financial Position
(Dollars in millions, except per share data)

December 31,	**2018**	2017
Assets		
Cash and cash equivalents	**$7,637**	$8,813
Short-term and other investments	**927**	1,179
Accounts receivable, net	**3,879**	2,894
Unbilled receivables, net	**10,025**	8,194
Current portion of customer financing, net	**460**	309
Inventories	**62,567**	61,388
Other current assets	**2,335**	2,417
Total current assets	**87,830**	85,194
Customer financing, net	**2,418**	2,756
Property, plant and equipment, net	**12,645**	12,672
Goodwill	**7,840**	5,559
Acquired intangible assets, net	**3,429**	2,573
Deferred income taxes	**284**	321
Investments	**1,087**	1,260
Other assets, net of accumulated amortization of $503 and $482	**1,826**	2,027
Total assets	**$117,359**	$112,362
Liabilities and equity		
Accounts payable	**$12,916**	$12,202
Accrued liabilities	**14,808**	13,069
Advances and progress billings	**50,676**	48,042
Short-term debt and current portion of long-term debt	**3,190**	1,335
Total current liabilities	**81,590**	74,648
Deferred income taxes	**1,736**	2,188
Accrued retiree health care	**4,584**	5,545
Accrued pension plan liability, net	**15,323**	16,471
Other long-term liabilities	**3,059**	2,015
Long-term debt	**10,657**	9,782
Shareholders' equity:		
Common stock, par value $5.00 – 1,200,000,000 shares authorized; 1,012,261,159 shares issued	**5,061**	5,061
Additional paid-in capital	**6,768**	6,804
Treasury stock, at cost	**(52,348)**	(43,454)
Retained earnings	**55,941**	49,618
Accumulated other comprehensive loss	**(15,083)**	(16,373)
Total shareholders' equity	**339**	1,656
Noncontrolling interests	**71**	57
Total equity	**410**	1,713
Total liabilities and equity	**$117,359**	$112,362

See Notes to the Consolidated Financial Statements on pages 54 – 113.

Table of Contents

The Boeing Company and Subsidiaries
Consolidated Statements of Cash Flows

(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Cash flows – operating activities:			
Net earnings	**$10,460**	$8,458	$5,034
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Non-cash items –			
Share-based plans expense	**202**	202	190
Depreciation and amortization	**2,114**	2,047	1,889
Investment/asset impairment charges, net	**93**	113	90
Customer financing valuation (benefit)/expense	**(3)**	2	(7)
(Gain)/loss on dispositions, net	**(75)**	(21)	7
Other charges and credits, net	**247**	293	371
Changes in assets and liabilities –			
Accounts receivable	**(795)**	(840)	326
Unbilled receivables	**(1,826)**	(1,600)	792
Advances and progress billings	**2,636**	4,700	(1,362)
Inventories	**568**	(1,403)	4,004
Other current assets	**98**	(19)	(200)
Accounts payable	**2**	130	622
Accrued liabilities	**1,117**	335	312
Income taxes receivable, payable and deferred	**(180)**	656	(734)
Other long-term liabilities	**87**	94	(68)
Pension and other postretirement plans	**(153)**	(582)	153
Customer financing, net	**120**	1,041	(662)
Other	**610**	(260)	(261)
Net cash provided by operating activities	**15,322**	13,346	10,496
Cash flows – investing activities:			
Property, plant and equipment additions	**(1,722)**	(1,739)	(2,613)
Property, plant and equipment reductions	**120**	92	38
Acquisitions, net of cash acquired	**(3,230)**	(324)	(297)
Contributions to investments	**(2,607)**	(3,569)	(1,719)
Proceeds from investments	**2,898**	3,607	1,206
Purchase of distribution rights	**(69)**	(131)	
Other	**(11)**	6	7
Net cash used by investing activities	**(4,621)**	(2,058)	(3,378)
Cash flows – financing activities:			
New borrowings	**8,548**	2,077	1,325
Debt repayments	**(7,183)**	(953)	(1,359)
Repayments of distribution rights and other asset financing			(24)
Contributions from noncontrolling interests	**35**		
Stock options exercised	**81**	311	321
Employee taxes on certain share-based payment arrangements	**(257)**	(132)	(93)
Common shares repurchased	**(9,000)**	(9,236)	(7,001)
Dividends paid	**(3,946)**	(3,417)	(2,756)
Net cash used by financing activities	**(11,722)**	(11,350)	(9,587)
Effect of exchange rate changes on cash and cash equivalents	**(53)**	80	(33)
Net (decrease) / increase in cash & cash equivalents, including restricted	**(1,074)**	18	(2,502)

Cash & cash equivalents, including restricted, at beginning of year	**8,887**	8,869	11,371
Cash & cash equivalents, including restricted, at end of year	**7,813**	8,887	8,869
Less restricted cash & cash equivalents, included in Investments	**176**	74	68
Cash and cash equivalents at end of year	**$7,637**	$8,813	$8,801

See Notes to the Consolidated Financial Statements on pages 54 –113.

Table of Contents

The Boeing Company and Subsidiaries
Consolidated Statements of Equity

	Boeing shareholders						
(Dollars in millions, except per share data)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance at January 1, 2016	$5,061	$4,834	($29,568)	$39,657	($12,748)	$62	$7,298
Net earnings				5,034		(1)	5,033
Other comprehensive income, net of tax of $425					(875)		(875)
Share-based compensation and related dividend equivalents		244		(35)			209
Excess tax pools		(84)					(84)
Treasury shares issued for stock options exercised, net		(63)	383				320
Treasury shares issued for other share-based plans, net		(169)	89				(80)
Common shares repurchased			(7,001)				(7,001)
Cash dividends declared ($4.69 per share)				(2,902)			(2,902)
Changes in noncontrolling interests						(1)	(1)
Balance at December 31, 2016	$5,061	$4,762	($36,097)	$41,754	($13,623)	$60	$1,917
Net earnings				8,458		(2)	8,456
Impact of ASU 2018-02				2,997	(2,997)		—
Other comprehensive loss, net of tax of ($69)					247		247
Share-based compensation and related dividend equivalents		238		(35)			203
Treasury shares issued for stock options exercised, net		(88)	399				311
Treasury shares issued for other share-based plans, net		(190)	62				(128)
Treasury shares contributed to pension plans		2,082	1,418				3,500
Common shares repurchased			(9,236)				(9,236)
Cash dividends declared ($5.97 per share)				(3,556)			(3,556)
Changes in noncontrolling interests						(1)	(1)
Balance at December 31, 2017	$5,061	$6,804	($43,454)	$49,618	($16,373)	$57	$1,713
Net earnings				**10,460**		**(21)**	**10,439**
Other comprehensive income, net of tax of ($379)					**1,290**		**1,290**
Share-based compensation and related dividend equivalents		**238**		**(36)**			**202**
Treasury shares issued for stock options exercised, net		**(45)**	**126**				**81**
Treasury shares issued for other share-based plans, net		**(229)**	**(20)**				**(249)**
Common shares repurchased			**(9,000)**				**(9,000)**
Cash dividends declared ($7.19 per share)				**(4,101)**			**(4,101)**
Changes in noncontrolling interests						**35**	**35**
Balance at December 31, 2018	**$5,061**	**$6,768**	**($52,348)**	**$55,941**	**($15,083)**	**$71**	**$410**

See Notes to the Consolidated Financial Statements on pages 54 – 113.

Table of Contents

The Boeing Company and Subsidiaries
Notes to the Consolidated Financial Statements
Summary of Business Segment Data
(Dollars in millions)

Years ended December 31,	**2018**	2017	2016
Revenues:			
Commercial Airplanes	**$60,715**	$58,014	$59,378
Defense, Space & Security	**23,195**	20,561	20,180
Global Services	**17,018**	14,581	13,819
Boeing Capital	**274**	307	298
Unallocated items, eliminations and other	**(75)**	542	(179)
Total revenues	**$101,127**	$94,005	$93,496
Earnings from operations:			
Commercial Airplanes	**$7,879**	$5,452	$1,981
Defense, Space & Security	**1,594**	2,193	1,678
Global Services	**2,522**	2,246	2,159
Boeing Capital	**79**	114	59
Segment operating profit	**12,074**	10,005	5,877
Unallocated items, eliminations and other	**(1,414)**	(1,099)	(707)
FAS/CAS service cost adjustment	**1,327**	1,438	1,357
Earnings from operations	**11,987**	10,344	6,527
Other income/(loss), net	**92**	123	(438)
Interest and debt expense	**(475)**	(360)	(306)
Earnings before income taxes	**11,604**	10,107	5,783
Income tax expense	**(1,144)**	(1,649)	(749)
Net earnings	**$10,460**	$8,458	$5,034

This information is an integral part of the Notes to the Consolidated Financial Statements. See Note 23 for further segment results.

Table of Contents

The Boeing Company and Subsidiaries
Notes to the Consolidated Financial Statements
Years ended December 31, 2018, 2017 and 2016
(Dollars in millions, except per share data)

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 23, effective July 1, 2017, we now operate in four reportable segments: Commercial Airplanes (BCA); Defense, Space & Security (BDS), Global Services (BGS), and Boeing Capital (BCC). Amounts in prior periods have been reclassified to conform to the current year presentation.

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. 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.

Standards Issued and Implemented

In the first quarter of 2018, we adopted the following Accounting Standards Updates (ASUs): ASU 2014-09, *Revenue from Contracts with Customers (Topic 606);* ASU 2017-07,*Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost;* ASU 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash;* ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.*

The impact of the adoption of these standards to our Consolidated Financial Statements is presented in Note 2 and the additional disclosures are shown in Notes 9 and 23.

ASU 2014-09 In the first quarter of 2018, we adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the full retrospective method. Topic 606 requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services.

Most of our defense contracts at our BDS and BGS segments and certain military derivative aircraft contracts at our BCA segment now recognize revenue under the new standard as costs are incurred. Under previous GAAP, revenue was generally recognized when deliveries were made, performance milestones were attained, or as costs were incurred. The new standard accelerates the timing of when the revenue is recognized, however, it does not change the total amount of revenue recognized on these contracts. The new standard does not affect revenue recognition or the use of program accounting for commercial airplane contracts in our BCA business. We continue to recognize revenue for these contracts at the point in time when the customer accepts delivery of the airplane. The adoption resulted in a cumulative adjustment to increase Retained earnings by $901 at January 1, 2016, an increase of $139 to Net earnings for the year ended December 31, 2016, and an increase of $261 to Net earnings for the year ended December 31, 2017.

ASU 2017-07 In the first quarter of 2018, we adopted ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The standard requires non-service cost components of net periodic benefit cost to be presented in non-operating earnings using a retrospective transition method. We applied a practical expedient as the estimation basis for the reclassification of prior period non-service cost components of net periodic benefit cost from Earnings from operations to Other income/(loss), net. Through the end of 2017, a portion of net periodic pension and other postretirement income or expense was not recognized in net earnings in the year incurred because it was allocated to production as product costs, and reflected in inventory at the end of the reporting periods. Effective January 1, 2018, in accordance with our adoption of ASU 2017-07, only service costs may be allocated to production costs and capitalized in inventory on a prospective basis. The impact of adoption was not material.

ASU 2016-18 In the first quarter of 2018, we adopted ASU 2016-18**,** *Statement of Cash Flows (Topic 230): Restricted Cash.* The standard requires companies to include restricted amounts with Cash & cash equivalents when reconciling the beginning and end of period total amounts shown on the Statements of Cash Flows. The impact of adoption was not material.

ASU 2018-02 In the first quarter of 2018, we early adopted ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* The standard allows companies to reclassify from Accumulated other comprehensive income/loss to Retained earnings the difference between the historical corporate income tax rate of 35% and the 21% rate enacted in the Tax Cuts and Jobs Act (TCJA) in December 2017. This resulted in an increase of $2,997 to Retained earnings and an increase of $2,997 to Accumulated other comprehensive loss.

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.

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, certain military derivative aircraft contracts at BCA 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

Table of Contents

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.
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:

	2018	2017	2016
Increase to Revenue	**$137**	$559	$394
Increase/(decrease) to Earnings from Operations	**($190)**	$250	($263)
Increase/(decrease) to Diluted EPS	**($0.29)**	$0.34	($0.36)

Significant adjustments during the three years ended December 31, 2018 included reach-forward losses of $736, $445 and $1,127 on the USAF KC-46A Tanker contract recorded during 2018, 2017 and 2016.

Table of Contents

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 notes receivable.

Lease and financing revenue arrangements are included in Sales of services on the Consolidated Statements of Operations. For sales-type/finance leases, we record an asset at lease inception. This asset is recorded at the aggregate of future minimum lease payments, estimated residual value of the leased equipment, and 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. 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.

Table of Contents

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, are recorded at cost and depreciated over the period that we project we will hold the asset to an estimated residual value, using the straight-line method. We periodically review our estimates of residual value and recognize forecasted changes by prospectively adjusting depreciation expense.

For notes receivable, notes are recorded 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.

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$145, $141 and $147 during 2018, 2017 and 2016, respectively. Reinsurance costs related to premiums and claims paid to the reinsurance pool were $136, $144 and $139 during 2018, 2017 and 2016, 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 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 $234, $288 and $311 in 2018, 2017 and 2016, 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.

Table of Contents

Income Taxes

Provisions for U.S. federal, state and local, and non-U.S. income taxes are calculated on reported Earnings 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 expense.

Postretirement Plans

The majority 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. 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 future service period of employees. 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.

Table of Contents

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 $127 and $116 at December 31, 2018 and 2017.

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.

Table of Contents

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 5 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.

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

Table of Contents

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 two-step impairment process. 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 two-step impairment process is then performed; otherwise, no further testing is required. For operations where the two-step impairment process is used, we first compare the carrying value of net assets to the fair value of the related operations. If the fair value is determined to be less than carrying value, a second step is performed to compute the amount of the impairment. In this process, a fair value for goodwill is estimated, based in part on the fair value of the operations, and is compared to its carrying value. The shortfall of the fair value below carrying value represents the amount of goodwill impairment.

Indefinite-lived intangibles consist of brand and trade names acquired in business combinations. We test these intangibles for impairment by comparing their carrying value to current projections of discounted cash flows attributable to the brand and trade names. 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 2 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.

Table of Contents

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 derivatives designated as hedges of the exposure to changes in fair value of the recognized asset or liability or a firm commitment (referred to as fair value hedges), the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The effect of that accounting is to include in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. For our cash flow hedges, the effective portion of the derivative’s gain or loss is initially reported in comprehensive income and is subsequently reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The ineffective portion of the gain or loss of a cash flow hedge is reported in earnings immediately. We have agreements to purchase and sell aluminum to address long-term strategic sourcing objectives and international 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.

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.

We assess the fair value of the assets we own, including 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 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.

Table of Contents

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 potential impairment of customer financing receivables in a valuation account, the balance of which is an accounting estimate of probable but unconfirmed losses. The allowance for losses on receivables relates to two components of receivables: (a) receivables that are evaluated individually for impairment and (b) all other receivables.

We determine a receivable is impaired when, based on current information and events, it is probable that we will be unable to collect amounts due according to the original contractual terms of the receivable agreement, without regard to any subsequent restructurings. Factors considered in assessing collectability include, but are not limited to, a customer's extended delinquency, requests for restructuring and filings for bankruptcy. We determine a specific impairment allowance based on the difference between the carrying value of the receivable and the estimated fair value of the related collateral we would expect to realize.

We review the adequacy of the allowance attributable to the remaining receivables (after excluding receivables subject to a specific impairment allowance) by assessing both the collateral exposure and the applicable cumulative default 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 cumulative default rate is determined using two components: customer credit ratings and weighted average remaining contract term. Internally assigned credit ratings, our credit quality indicator, are determined for each customer in the portfolio. Those ratings are updated based upon public information and information obtained directly from our customers.

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 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 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 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 Commercial Airplanes 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 hardware and are included in the contract cost estimates. 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 that are issued or modified after December 31, 2002. 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, for each future period the credit guarantee will be outstanding. If at inception of a guarantee, we determine there is a probable related contingent loss, we will recognize a liability for the greater of (a) the fair value of the guarantee as described above or (b) the probable contingent loss amount.

Standards Issued and Not Yet Implemented

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The new standard is effective for reporting periods beginning after December 15, 2018 and early adoption is permitted. The standard will require lessees to report most leases as assets and liabilities on the balance sheet, while lessor accounting will remain substantially unchanged. The standard permits two approaches, one requiring retrospective application of the new guidance with restatement of prior years, and one requiring prospective application of the new guidance. We plan to adopt the new lease standard effective January 1, 2019 and apply it prospectively. We do not expect the new lease standard to have a material effect on our financial position, results of operations or cash flows.

Table of Contents

Note 2 - Impact of Adoption of New Standards

In the first quarter of 2018, we adopted the following ASUs: ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606);* ASU No. 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost;* ASU 2016-18 *Statement of Cash Flows (Topic 230) Restricted Cash; and* ASU 2018-02 *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.*

The impact to our Consolidated Financial Statements as a result of adopting these standards was as follows:

Consolidated Statements of Operations

Years ended December 31	2017			2016		
(Dollars in millions, except per share data)	Reported	Impact of New Standards	**Restated**	Reported	Impact of New Standards	**Restated**
Sales of products	$83,204	$536	**$83,740**	$84,399	($1,201)	**$83,198**
Sales of services	10,188	77	**10,265**	10,172	126	**10,298**
Total revenues	93,392	613	**94,005**	94,571	(1,075)	**93,496**
Cost of products	(68,365)	(514)	**(68,879)**	(72,713)	1,700	**(71,013)**
Cost of services	(7,631)	(32)	**(7,663)**	(8,018)	64	**(7,954)**
Boeing Capital interest expense	(70)		**(70)**	(59)		**(59)**
Total costs and expenses	(76,066)	(546)	**(76,612)**	(80,790)	1,764	**(79,026)**
	17,326	67	**17,393**	13,781	689	**14,470**
Income from operating investments, net	204		**204**	303		**303**
General and administrative expense	(4,094)	(1)	**(4,095)**	(3,616)	3	**(3,613)**
Research and development expense, net	(3,179)		**(3,179)**	(4,627)	1	**(4,626)**
Gain/(loss) on dispositions, net	21		**21**	(7)		**(7)**
Earnings from operations	10,278	66	**10,344**	5,834	693	**6,527**
Other income/(loss), net	129	(6)	**123**	40	(478)	**(438)**
Interest and debt expense	(360)		**(360)**	(306)		**(306)**
Earnings before income taxes	10,047	60	**10,107**	5,568	215	**5,783**
Income tax expense	(1,850)	201	**(1,649)**	(673)	(76)	**(749)**
Net earnings	$8,197	$261	**$8,458**	$4,895	$139	**$5,034**
Basic earnings per share	$13.60	$0.43	**$14.03**	$7.70	$0.22	**$7.92**
Diluted earnings per share	$13.43	$0.42	**$13.85**	$7.61	$0.22	**$7.83**

Table of Contents

Consolidated Statement of Financial Position

(Dollars in millions)	December 31, 2017		
Assets	Reported	Impact of New Standards	**Restated**
Cash and cash equivalents	$8,813		**$8,813**
Short-term and other investments	1,179		**1,179**
Accounts receivable, net	10,516	($7,622)	**2,894**
Unbilled receivables, net		8,194	**8,194**
Current portion of customer financing, net	309		**309**
Inventories	44,344	17,044	**61,388**
Other current assets		2,417	**2,417**
Total current assets	65,161	20,033	**85,194**
Customer financing, net	2,740	16	**2,756**
Property, plant and equipment, net	12,672		**12,672**
Goodwill	5,559		**5,559**
Acquired intangible assets, net	2,573		**2,573**
Deferred income taxes	341	(20)	**321**
Investments	1,260		**1,260**
Other assets, net of accumulated amortization	2,027		**2,027**
Total assets	$92,333	$20,029	**$112,362**
Liabilities and equity			
Accounts payable	$12,202		**$12,202**
Accrued liabilities	15,292	($2,223)	**13,069**
Advances and billings in excess of related costs	27,440	(27,440)	
Advances and progress billings		48,042	**48,042**
Short-term debt and current portion of long-term debt	1,335		**1,335**
Total current liabilities	56,269	18,379	**74,648**
Deferred income taxes	1,839	349	**2,188**
Accrued retiree health care	5,545		**5,545**
Accrued pension plan liability, net	16,471		**16,471**
Other long-term liabilities	2,015		**2,015**
Long-term debt	9,782		**9,782**
Shareholders' equity:			
Common stock	5,061		**5,061**
Additional paid-in capital	6,804		**6,804**
Treasury stock, at cost	(43,454)		**(43,454)**
Retained earnings	45,320	4,298	**49,618**
Accumulated other comprehensive loss	(13,376)	(2,997)	**(16,373)**
Total shareholders' equity	355	1,301	**1,656**
Noncontrolling interests	57		**57**
Total equity	412	1,301	**1,713**
Total liabilities and equity	$92,333	$20,029	**$112,362**

Table of Contents

Consolidated Statements of Cash Flows

Years ended December 31	2017			2016		
(Dollars in millions)	Reported	Impact of New Standards	**Restated**	Reported	Impact of New Standards	**Restated**
Cash flows - operating activities:						
Net earnings	$8,197	$261	**$8,458**	$4,895	$139	**$5,034**
Adjustments to reconcile net earnings to net cash provided by operating activities:						
Non-cash items -						
Share-based plans expense	202		**202**	190		**190**
Depreciation and amortization	2,069	(22)	**2,047**	1,910	(21)	**1,889**
Investment/asset impairment charges, net	113		**113**	90		**90**
Customer financing valuation expense/(benefit)	2		**2**	(7)		**(7)**
(Gain)/loss on dispositions, net	(21)		**(21)**	7		**7**
Other charges and credits, net	287	6	**293**	369	2	**371**
Changes in assets and liabilities -						
Accounts receivable	(1,821)	981	**(840)**	112	214	**326**
Unbilled receivables		(1,600)	**(1,600)**		792	**792**
Advances and progress billings		4,700	**4,700**		(1,362)	**(1,362)**
Inventories	(1,085)	(318)	**(1,403)**	3,755	249	**4,004**
Other current assets		(19)	**(19)**		(200)	**(200)**
Accounts payable	130		**130**	622		**622**
Accrued liabilities	573	(238)	**335**	726	(414)	**312**
Advances and billings in excess of related costs	3,570	(3,570)		(493)	493	
Income taxes receivable, payable and deferred	857	(201)	**656**	(810)	76	**(734)**
Other long-term liabilities	94		**94**	(68)		**(68)**
Pension and other postretirement plans	(582)		**(582)**	153		**153**
Customer financing, net	1,017	24	**1,041**	(696)	34	**(662)**
Other	(258)	(2)	**(260)**	(256)	(5)	**(261)**
Net cash provided by operating activities	13,344	2	**13,346**	10,499	(3)	**10,496**
Cash flows - investing activities:						
Property, plant and equipment additions	(1,739)		**(1,739)**	(2,613)		**(2,613)**
Property, plant and equipment reductions	92		**92**	38		**38**
Acquisitions, net of cash acquired	(324)		**(324)**	(297)		**(297)**
Contributions to investments	(3,601)	32	**(3,569)**	(1,719)		**(1,719)**
Proceeds from investments	3,639	(32)	**3,607**	1,209	(3)	**1,206**
Purchase of distribution rights	(131)		**(131)**			
Other	2	4	**6**	2	5	**7**
Net cash used by investing activities	(2,062)	4	**(2,058)**	(3,380)	2	**(3,378)**
Cash flows - financing activities:						
New borrowings	2,077		**2,077**	1,325		**1,325**
Debt repayments	(953)		**(953)**	(1,359)		**(1,359)**
Repayments of distribution rights and other asset financing				(24)		**(24)**
Stock options exercised	311		**311**	321		**321**
Employee taxes on certain share-based payment arrangements	(132)		**(132)**	(93)		**(93)**
Common shares repurchased	(9,236)		**(9,236)**	(7,001)		**(7,001)**
Dividends paid	(3,417)		**(3,417)**	(2,756)		**(2,756)**
Net cash used by financing activities	(11,350)		**(11,350)**	(9,587)		**(9,587)**
Effect of exchange rate changes on cash & cash equivalents, including restricted	80		**80**	(33)		**(33)**
Net increase/(decrease) in cash & cash equivalents, including restricted	12	6	**18**	(2,501)	(1)	**(2,502)**

Cash & cash equivalents, including restricted*, at beginning of year	8,801	68	**8,869**	11,302	69	**11,371**
Cash & cash equivalents, including restricted*, at end of year	8,813	74	**8,887**	8,801	$68	**8,869**
Less restricted cash & cash equivalents, included in Investments			**74**			**68**
Cash and cash equivalents at end of year			**$8,813**			**$8,801**

* Reported balance excludes restricted amounts

Table of Contents

Consolidated Statements of Equity

	Boeing shareholders						
(Dollars in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total
Balance at January 1, 2016, as reported	$5,061	$4,834	($29,568)	$38,756	($12,748)	$62	$6,397
Cumulative Impact of Topic 606 at 1/1/2016				901			901
Balance at January 1, 2016, as restated	$5,061	$4,834	($29,568)	$39,657	($12,748)	$62	7,298

	Boeing shareholders						
(Dollars in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total
Balance at January 1, 2017, as reported	$5,061	$4,762	($36,097)	$40,714	($13,623)	$60	$877
Cumulative Impact of Topic 606 at 1/1/2016				901			901
Impact of Topic 606 on 2016 earnings				139			139
Balance at January 1, 2017, as restated	**$5,061**	**$4,762**	**($36,097)**	**$41,754**	**($13,623)**	**$60**	**$1,917**

	Boeing shareholders						
(Dollars in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total
Balance at December 31, 2017, as reported	$5,061	$6,804	($43,454)	$45,320	($13,376)	$57	$412
Cumulative Impact of Topic 606 at 1/1/2016				901			901
Impact of Topic 606 on 2016 earnings				139			139
Impact of Topic 606 on 2017 earnings				261			261
Total impact of ASC 606 through December 31, 2017				1,301			1,301
Impact of ASU 2018-02				2,997	(2,997)		
Balance at December 31, 2017, as restated	**$5,061**	**$6,804**	**($43,454)**	**$49,618**	**($16,373)**	**$57**	**$1,713**

Table of Contents

Note 3 – Acquisitions and Joint Ventures

KLX Inc.

On October 9, 2018, we acquired all the outstanding shares of KLX Inc. (KLX). KLX is a global provider of aviation parts and services in the aerospace industry. Its capabilities include distribution and supply chain services. The KLX acquisition is intended to accelerate growth in our services business by allowing Boeing to offer commercial, defense, business and general aviation customers a broader range of offerings. The results of KLX's operations have been included in our Global Services segment from the acquisition date. KLX's revenues and earnings from operations from October 9, 2018 through December 31, 2018 were$356 and $50.

The preliminary allocation of the purchase price was as follows:

Cash and cash equivalents	$225
Accounts receivable	260
Inventories	1,321
Other current assets	41
Property, plant & equipment	36
Goodwill	2,110
Intangible assets	965
Other assets	65
Current liabilities	(347)
Other long-term liabilities	(180)
Long-term debt	(1,210)
Total net assets acquired	$3,286

The goodwill has been allocated to the Global Services and Commercial Airplanes segments based on revenue synergies expected to be realized from the integration of KLX's products and services and expected cost synergies primarily resulting from the consolidation of procurement spending and functional support. Approximately $533 of the acquired goodwill and intangible assets is deductible for tax purposes. The acquired intangible assets primarily relate to customer and supplier relationships and have a weighted-average useful life of 17.5 years.

Strategic Partnership with Embraer

On July 5, 2018, we and Embraer S.A. (Embraer) announced the signing of a Memorandum of Understanding to establish a strategic partnership between the two companies. On December 17, 2018, the terms of the strategic partnership were agreed by both companies. The agreed terms define the joint venture comprising the commercial aircraft and services operations of Embraer, in which Boeing will acquire an 80 percent ownership stake for $4.2 billion. The companies have also agreed to the terms of another joint venture to promote and develop new markets for the multi-mission medium airlift KC-390, in which Boeing will hold a 49 percent ownership stake. On January 10, 2019, the Government of Brazil reviewed the terms of the strategic partnership and advised it would not exercise its Golden Share veto power, allowing the transaction to move forward. On January 11, 2019, the Embraer Board of Directors ratified its prior approval of the strategic partnership and authorized execution of the definitive transaction documents. On January 24, 2019, the definitive transaction documents were executed. The transaction remains subject to Embraer shareholder and regulatory approvals, as well as other customary closing conditions. Assuming approvals are received in a timely manner, the transaction is intended to close by

Table of Contents

the end of 2019. If the transaction is not completed due to failure to obtain antitrust approvals, we would be required to pay a termination fee of $100.

Note 4 – Goodwill and Acquired Intangibles

Changes in the carrying amount of goodwill by reportable segment for the years ended December 31, 2018 and 2017 were as follows:

	Commercial Airplanes	Defense, Space & Security	Global Services	Total
Balance at January 1, 2017	$992	$2,854	$1,478	$5,324
Acquisitions		220		220
Goodwill adjustments			15	15
Balance at December 31, 2017	$992	$3,074	$1,493	$5,559
KLX Acquisition	**249**		**1,861**	**2,110**
Other Acquisitions		**180**	**3**	**183**
Goodwill adjustments			**(12)**	**(12)**
Balance at December 31, 2018	**$1,241**	**$3,254**	**$3,345**	**$7,840**

As of December 31, 2018 and 2017, we had indefinite-lived intangible assets with carrying amounts of $490 relating to trade names.

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

	2018 Gross Carrying Amount	**Accumulated Amortization**	2017 Gross Carrying Amount	Accumulated Amortization
Distribution rights	**$2,879**	**$1,101**	$2,445	$943
Product know-how	**536**	**324**	522	298
Customer base	**1,284**	**523**	650	479
Developed technology	**595**	**439**	556	406
Other	**218**	**186**	213	177
Total	**$5,512**	**$2,573**	$4,386	$2,303

Amortization expense for acquired finite-lived intangible assets for the years ended December 31, 2018 and 2017 was $272 and $240. Estimated amortization expense for the five succeeding years is as follows:

	2019	2020	2021	2022	2023
Estimated amortization expense	$333	$306	$299	$285	$266

During 2018 and 2017 we acquired $1,133 and $298 of finite-lived intangible assets, of which $0 and $55 related to non-cash investing and financing transactions.

Table of Contents

Note 5 – 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,	**2018**	2017	2016
Net earnings	**$10,460**	$8,458	$5,034
Less: earnings available to participating securities	**7**	6	3
Net earnings available to common shareholders	**$10,453**	$8,452	$5,031
Basic			
Basic weighted average shares outstanding	**579.9**	603.2	636.5
Less: participating securities	**0.7**	0.7	1.0
Basic weighted average common shares outstanding	**579.2**	602.5	635.5
Diluted			
Basic weighted average shares outstanding	**579.9**	603.2	636.5
Dilutive potential common shares(1)	**6.3**	7.5	7.3
Diluted weighted average shares outstanding	**586.2**	610.7	643.8
Less: participating securities	**0.7**	0.7	1.0
Diluted weighted average common shares outstanding	**585.5**	610.0	642.8
Net earnings per share:			
Basic	**$18.05**	$14.03	$7.92
Diluted	**17.85**	13.85	7.83

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

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 earnings per share because the effect was either antidilutive or the performance condition was not met.

(Shares in millions)

Years ended December 31,	**2018**	2017	2016
Performance awards	**2.5**	4.1	6.5
Performance-based restricted stock units	**0.3**	0.5	2.5

Table of Contents

Note 6 – Income Taxes

The components of earnings before income taxes were:

Years ended December 31,	**2018**	2017	2016
U.S.	**$11,166**	$9,660	$5,386
Non-U.S.	**438**	447	397
Total	**$11,604**	$10,107	$5,783

Income tax expense/(benefit) consisted of the following:

Years ended December 31,	**2018**	2017	2016
Current tax expense			
U.S. federal	**$1,873**	$1,276	$1,193
Non-U.S.	**169**	149	133
U.S. state	**97**	23	15
Total current	**2,139**	1,448	1,341
Deferred tax expense			
U.S. federal	**(996)**	204	(544)
Non-U.S.	**(4)**	3	(4)
U.S. state	**5**	(6)	(44)
Total deferred	**(995)**	201	(592)
Total income tax expense	**$1,144**	$1,649	$749

Net income tax payments were $1,326, $896 and $1,460 in 2018, 2017 and 2016, respectively.

The following is a reconciliation of the U.S. federal statutory tax rate to our effective income tax rates:

Years ended December 31,	**2018**	2017	2016
U.S. federal statutory tax	**21.0 %**	35.0 %	35.0 %
Foreign derived intangible income[(1)]	**(4.7)**		
Federal audit settlements[(2)]	**(3.6)**		(3.1)
Research and development credits	**(1.8)**	(1.6)	(5.0)
Excess tax benefits[(3)]	**(1.6)**	(2.1)	(1.8)
Other provision adjustments	**1.3**	(0.2)	(0.3)
Impact of Tax Cuts and Jobs Act[(4)]	**(1.0)**	(12.6)	
Tax on non-US activities	**0.3**	(0.9)	(0.5)
Tax basis adjustment[(5)]			(7.6)
U.S. manufacturing activity tax benefit		(1.3)	(3.7)
Effective income tax rate	**9.9 %**	16.3 %	13.0 %

(1) On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was enacted. The TCJA revised the U.S. corporate income tax by, among other things, lowering the rate from 35% to 21% effective January 1, 2018, implementing a territorial tax system and imposing a one-time tax on deemed repatriated earnings of non-U.S. subsidiaries. The TCJA also enacted provisions which effectively apply a lower U.S. tax rate to intangible income derived from serving non-U.S. markets. In 2018, we recorded a $549 tax benefit related to foreign derived intangible income.

(2) In the third quarter of 2018, we recorded a tax benefit of $412 related to the settlement of the 2013-2014

Table of Contents

federal tax audit. In the third quarter of 2016, a tax benefit of $177 was recorded related to the settlement of the 2011-2012 federal tax audit.

(3) In 2018, 2017 and 2016, we recorded excess tax benefits related to employee share-based payments of $181, $207 and $105.

(4) In accordance with U.S. Securities and Exchange Commission Staff Accounting Bulletin No. 118 (SAB 118), in the fourth quarter of 2017, we recorded provisional tax benefits of $1,430 related to the remeasurement of our net U.S. deferred tax liabilities to reflect the reduction in the corporate tax rate and a provisional tax expense of $159 related to tax on non-U.S. activities resulting from the TCJA. During the fourth quarter of 2018 and in accordance with SAB 118, the Company completed its accounting for the provisional amounts recognized at December 31, 2017 and recorded an incremental benefit related to refinements to these provisional amounts which was not significant.

(5) In the third quarter of 2016, we recorded incremental tax benefits of $440 related to the application of a 2012 Federal Court of Claims decision which held that the tax basis in certain assets could be increased (tax basis adjustment).

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

	2018	2017
Inventory and long-term contract methods of income recognition	**(5,422)**	(6,459)
Pension benefits	**3,344**	3,565
Fixed assets, intangibles and goodwill (net of valuation allowance of $16 and $16)	**(1,616)**	(1,253)
Retiree health care benefits	**1,124**	1,304
Other employee benefits	**873**	847
Accrued expenses and reserves	**411**	334
Customer and commercial financing	**(309)**	(369)
Net operating loss, credit and capital loss carryovers (net of valuation allowance of $77 and $53)[1]	**258**	299
Other	**(115)**	(135)
Net deferred tax (liabilities)/assets[2]	**($1,452)**	($1,867)

(1) Of the deferred tax asset for net operating loss and credit carryovers, $244 expires on or before December 31, 2037 and $14 may be carried over indefinitely.

(2) Included in the net deferred tax (liabilities)/assets as of December 31, 2018 and 2017 are deferred tax assets in the amounts of $4,275 and $4,636 related to Accumulated other comprehensive loss.

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

	2018	2017
Deferred tax assets	**$8,835**	$8,399
Deferred tax liabilities	**(10,194)**	(10,197)
Valuation allowance	**(93)**	(69)
Net deferred tax (liabilities)/assets	**($1,452)**	($1,867)

The deferred tax assets are reduced by a valuation allowance if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

In accordance with U.S. GAAP, the Company has made an accounting policy election to treat Global Intangible Low Tax Income (GILTI) as a current year tax expense in the period in which it is incurred.

Table of Contents

Therefore, we have not provided any deferred tax impacts of GILTI in our Consolidated Financial Statements for the year ended December 31, 2018.

The TCJA one-time repatriation tax and GILTI liabilities effectively taxed the undistributed earnings previously deferred from U.S. income taxes. We have not provided for foreign withholding tax on the undistributed earnings from our non-U.S. subsidiaries because such earnings are considered to be indefinitely reinvested. If such earnings were to be distributed, any foreign withholding tax would not be significant.

As of December 31, 2018 and 2017, 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, 2018, 2017 and 2016.

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

	2018	2017	2016
Unrecognized tax benefits – January 1	**$1,736**	$1,557	$1,617
Gross increases – tax positions in prior periods	**87**	3	17
Gross decreases – tax positions in prior periods	**(410)**	(44)	(348)
Gross increases – current-period tax positions	**1,208**	220	344
Settlements	**(206)**		(73)
Statute Lapse	**(3)**		
Unrecognized tax benefits – December 31	**$2,412**	$1,736	$1,557

As of December 31, 2018, 2017 and 2016, the total amount of unrecognized tax benefits was $2,412, $1,736 and $1,557, respectively, of which $1,405, $1,568 and $1,402 would affect the effective tax rate, if recognized. As of December 31, 2018, these amounts are primarily associated with uncertainties in the TCJA and the amount of research tax credits claimed. Also included in these amounts are accruals for domestic state tax issues such as the allocation of income among various state tax jurisdictions and the amount of state tax credits claimed.

Federal income tax audits have been settled for all years prior to 2015. The Internal Revenue Service (IRS) is expected to begin the 2015-2017 federal tax audit in the first quarter of 2019. We are also subject to examination in major state and international jurisdictions for the 2001-2017 tax years. We believe appropriate provisions for all outstanding tax issues have been made for all jurisdictions and all open years. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. It is reasonably possible that within the next 12 months unrecognized tax benefits related to state matters under audit may decrease by up to $460 based on current estimates.

Table of Contents

Note 7 – Accounts Receivable, net

Accounts receivable at December 31 consisted of the following:

	2018	2017
Commercial customer contracts	**$2,059**	$1,560
U.S. government contracts[1]	**1,877**	1,396
Less valuation allowance	**(57)**	(62)
Total	**$3,879**	$2,894

[1] Includes foreign military sales through the U.S. government

Accounts receivable expected to be collected after one year are not material.

Note 8 – Inventories

Inventories at December 31 consisted of the following:

	2018	2017
Long-term contracts in progress	**$2,129**	$1,854
Commercial aircraft programs	**52,753**	52,861
Commercial spare parts, used aircraft, general stock materials and other	**7,685**	6,673
Total	**$62,567**	$61,388

Long-Term Contracts in Progress

Long-term contracts in progress includes Delta launch program inventory that is being sold at cost to United Launch Alliance (ULA) under an inventory supply agreement that terminates on March 31, 2021. The inventory balance was $227 and $284 at December 31, 2018 and 2017. See indemnifications to ULA in Note 15.

Included in inventories are capitalized precontract costs of $644 at December 31, 2018 primarily related to the KC-46A Tanker and $933 at December 31, 2017 primarily related to KC-46A Tanker, C-17 and F/A-18. See Note 14.

Commercial Aircraft Programs

At December 31, 2018 and 2017, commercial aircraft programs inventory included the following amounts related to the 787 program: $27,852 and $30,695 of work in process (including deferred production costs of $22,967 and $25,358), $2,453 and $3,189 of supplier advances, and $2,638 and $3,173 of unamortized tooling and other non-recurring costs. At December 31, 2018, $17,320 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 $8,285 is expected to be recovered from units included in the program accounting quantity that represent expected future orders.

At December 31, 2018 and 2017, commercial aircraft programs inventory included $116 and $151 of unamortized tooling costs related to the 747 program. At December 31, 2018, $111 of 747 unamortized tooling costs are expected to be recovered from units included in the program accounting quantity that have firm orders or commitments. The program accounting quantity includes one already completed aircraft which is being remarketed.

Table of Contents

Commercial aircraft programs inventory included amounts credited in cash or other consideration (early issue sales consideration) to airline customers totaling $2,844 and $2,976 at December 31, 2018 and 2017.

Note 9– Contracts with Customers

Unbilled receivables increased from $8,194 at December 31, 2017 to $10,025 at December 31, 2018, primarily driven by revenue recognized at BDS, BGS and BCA in excess of billings.

Advances and progress billings increased from $48,042 at December 31, 2017 to $50,676 at December 31, 2018, primarily driven by advances on orders received in excess of revenue recognized at BCA.

Revenues recognized for the years ended December 31, 2018 and 2017 from amounts recorded as Advances and progress billings at the beginning of each year were $24,737 and $22,796.

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	
	2018	2017	**2018**	2017
Current	**$7,178**	$5,149	**$1**	$4
Expected to be collected after one year	**2,847**	3,045	**2**	55
Total	**$10,025**	$8,194	**$3**	$59

Unbilled receivables related to commercial customers expected to be collected after one year were $150 and $172 at December 31, 2018 and 2017. Unbilled receivables related to claims are items that we believe are earned, but are subject to uncertainty concerning their determination or ultimate realization.

Note 10 – Customer Financing

Customer financing primarily relates to our BCC segment. Prior period amounts have been adjusted to conform with the current year presentation as a result of the adoption of Topic 606. Customer financing consisted of the following at December 31:

	2018	2017
Financing receivables:		
Investment in sales-type/finance leases	**$1,125**	$1,364
Notes	**730**	1,022
Total financing receivables	**1,855**	2,386
Operating lease equipment, at cost, less accumulated depreciation of $203 and $305	**782**	691
Operating lease incentive	**250**	
Gross customer financing	**2,887**	3,077
Less allowance for losses on receivables	**(9)**	(12)
Total	**$2,878**	$3,065

Table of Contents

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

	2018	2017
Minimum lease payments receivable	**$908**	$1,159
Estimated residual value of leased assets	**425**	495
Unearned income	**(208)**	(290)
Total	**$1,125**	$1,364

Operating lease equipment primarily includes large commercial jet aircraft.
Financing receivable balances evaluated for impairment at December 31 were as follows:

	2018	2017
Individually evaluated for impairment	**$409**	$422
Collectively evaluated for impairment	**1,446**	1,964
Total financing receivables	**$1,855**	$2,386

We determine a receivable is impaired when, based on current information and events, it is probable that we will be unable to collect amounts due according to the original contractual terms. At December 31, 2018 and 2017, we individually evaluated for impairment customer financing receivables of $409 and $422, of which $398 and $411 were determined to be impaired. We recorded no allowance for losses on these impaired receivables as the collateral values exceeded the carrying values of the receivables.
Income recognition is generally suspended for financing receivables at the date full recovery of income and principal becomes not probable. Income is recognized when financing receivables become contractually current and performance is demonstrated by the customer. The average recorded investment in impaired financing receivables for the year ended December 31, 2018 was $403, and the related interest income was insignificant.
The change in the allowance for losses on financing receivables for the years ended December 31, 2018, 2017 and 2016, consisted of the following:

	2018	2017	2016
Beginning balance - January 1	**($12)**	($10)	($16)
Customer financing valuation benefit/(cost)	**3**	(2)	6
Ending balance - December 31	**($9)**	($12)	($10)
Collectively evaluated for impairment	**($9)**	($12)	($10)

The adequacy of the allowance for losses is assessed quarterly. Three primary factors influencing the level of our allowance for losses on customer financing receivables are customer credit ratings, default rates and collateral values. 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.

Table of Contents

Our financing receivable balances at December 31 by internal credit rating category are shown below:

Rating categories	2018	2017
BBB	**$883**	$1,170
BB	**430**	627
B	**135**	177
CCC	**407**	412
Total carrying value of financing receivables	**$1,855**	$2,386

At December 31, 2018, our allowance related to receivables with ratings of B, BB and BBB. We applied default rates that averaged 22.8%, 6.5% and 0.7%, respectively, to the exposure associated with those receivables.

Customer Financing Exposure

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

The majority of customer financing carrying values are concentrated in the following aircraft models at December 31:

	2018	2017
717 Aircraft ($204 and $269 accounted for as operating leases)	**$918**	$1,081
747-8 Aircraft ($132 and $138 accounted for as operating leases)	**477**	483
737 Aircraft ($263 and $127 Accounted for as operating leases)	**290**	161
MD-80 Aircraft (Accounted for as sales-type finance leases)	**204**	231
757 Aircraft ($24 and $27 accounted for as operating leases)	**200**	217
747-400 Aircraft ($45 and $88 Accounted for as operating leases)	**116**	170
777 Aircraft ($60 and $0 accounted for as operating leases)	**68**	14
767 Aircraft ($0 and $25 accounted for as operating leases)		98

Charges related to customer financing asset impairment for the years ended December 31 were as follows:

	2018	2017	2016
Boeing Capital	**$1**	$13	$45
Other Boeing	**38**	30	21
Total	**$39**	$43	$66

Table of Contents

Scheduled receipts on customer financing are as follows:

Year	2019	2020	2021	2022	2023	Beyond 2023
Principal payments on notes receivable	$658	$11	$7	$37	$17	
Sales-type/finance lease payments receivable	208	171	124	110	92	203
Operating lease equipment payments receivable	112	93	79	68	45	91

As part of selected lease transactions, Boeing may provide incentives to commercial customers. At December 31, 2018 Customer Financing included $250 of lease incentives with one customer that is currently experiencing liquidity issues and is seeking additional capital. Should the customer fail to address its liquidity issues the lease incentive asset could become impaired, and we could incur charges of up to $250.

Note 11 – Property, Plant and Equipment

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

	2018	2017
Land	**$546**	$530
Buildings and land improvements	**14,109**	14,125
Machinery and equipment	**15,221**	14,577
Construction in progress	**1,337**	1,081
Gross property, plant and equipment	**31,213**	30,313
Less accumulated depreciation	**(18,568)**	(17,641)
Total	**$12,645**	$12,672

Depreciation expense was $1,556, $1,548 and $1,418 for the years ended December 31, 2018, 2017 and 2016, respectively. Interest capitalized during the years ended December 31, 2018, 2017 and 2016 totaled $81, $110 and $170, respectively.

Rental expense for leased properties was $307, $283 and $287, for the years ended December 31, 2018, 2017 and 2016, respectively. At December 31, 2018, minimum rental payments under capital leases aggregated $164. Minimum rental payments under operating leases with initial or remaining terms of one year or more aggregated $1,838, net of sublease payments of $12 at December 31, 2018. Payments due under operating and capital leases net of sublease amounts and non-cancellable future rentals during the next five years are as follows:

	2019	2020	2021	2022	2023
Minimum operating lease payments, net of sublease amounts	$272	$232	$194	$165	$126
Minimum capital lease payments	58	45	30	16	4

Accounts payable related to purchases of property, plant and equipment were $338 and $196 for the years ended December 31, 2018 and 2017.

Table of Contents

Note 12 – Investments

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

	2018	2017
Equity method investments [1]	**$1,048**	$1,214
Time deposits	**255**	613
Available for sale debt instruments	**491**	490
Equity and other investments	**44**	48
Restricted cash & cash equivalents [2]	**176**	74
Total	**$2,014**	$2,439

(1) Dividends received were $325 and $247 during 2018 and 2017. Retained earnings at December 31, 2018 include undistributed earnings from our equity method investments of $104.

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

Equity Method Investments

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

	Segment	Ownership Percentages	Investment Balance	
			2018	2017
United Launch Alliance	BDS	50%	**$768**	$889
Other	BCA, BDS, and BGS		**280**	325
Total equity method investments			**$1,048**	$1,214

Note 13 – Other Assets

Sea Launch

At December 31, 2018 and 2017, Other assets included $244 and $356 of receivables related to our former investment in the Sea Launch venture which became payable by certain Sea Launch partners following Sea Launch's bankruptcy filing in June 2009. The net amounts owed to Boeing by each of the partners are as follows: S.P. Koroley Rocket and Space Corporation Energia of Russia (RSC Energia) – $111, PO Yuzhnoye Mashinostroitelny Zavod of Ukraine – $89 and KB Yuzhnoye of Ukraine – $44.

In 2013, we filed an action in the United States District Court for the Central District of California seeking reimbursement from the other Sea Launch partners. In 2016, the United States District Court for the Central District of California issued a judgment in favor of Boeing. Later that year, we reached an agreement which we believe will enable us to recover the outstanding receivable balance from RSC Energia over the next several years. We continue to pursue collection efforts against the former Ukrainian partners in connection with the court judgment. We continue to believe the partners have the financial wherewithal to pay and intend to pursue vigorously all of our rights and remedies. In the event we are unable to secure reimbursement from RSC Energia and the Ukrainian Sea Launch partners, we could incur additional charges.

Spirit AeroSystems

At December 31, 2017, Other assets included $137 of receivables related to indemnifications from Spirit AeroSystems, Inc. (Spirit) for costs incurred related to pension and retiree medical obligations of former Boeing employees who were subsequently employed by Spirit. On July 12, 2018, the Delaware Supreme Court denied Boeing's claim for indemnification. As a result, in the second quarter we wrote off the receivables attributable to the Spirit indemnifications.

Note 14 – Liabilities, Commitments and Contingencies

Accrued Liabilities

Accrued liabilities at December 31 consisted of the following:

	2018	2017
Accrued compensation and employee benefit costs	**$6,841**	$6,659
Environmental	**555**	524
Product warranties	**1,127**	1,211
Forward loss recognition	**1,488**	622
Dividends payable	**1,160**	1,005
Income Taxes Payable	**485**	380
Other	**3,152**	2,668
Total	**$14,808**	$13,069

Environmental

The following table summarizes environmental remediation activity during the years ended December 31, 2018 and 2017.

	2018	2017
Beginning balance – January 1	**$524**	$562
Reductions for payments made	**(37)**	(45)
Changes in estimates	**68**	7
Ending balance – December 31	**$555**	$524

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, 2018 and 2017, the high end of the estimated range of reasonably possible remediation costs exceeded our recorded liabilities by $796 and $868.

Table of Contents

Product Warranties

The following table summarizes product warranty activity recorded during the years ended December 31, 2018 and 2017.

	2018	2017
Beginning balance – January 1	**$1,211**	$1,414
Additions for current year deliveries	**232**	274
Reductions for payments made	**(193)**	(241)
Changes in estimates	**(123)**	(236)
Ending balance – December 31	**$1,127**	$1,211

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, 2018 have expiration dates from 2019 through 2026. At December 31, 2018 and 2017, total contractual trade-in commitments were $1,519 and $1,462. As of December 31, 2018 and 2017, we estimated that it was probable we would be obligated to perform on certain of these commitments with net amounts payable to customers totaling $522 and $155 and the fair value of the related trade-in aircraft was $485 and $155.

Financing Commitments

Financing commitments related to aircraft on order, including options and those proposed in sales campaigns, and refinancing of delivered aircraft, totaled $19,462 and $10,221 as of December 31, 2018 and 2017. The estimated earliest potential funding dates for these commitments as of December 31, 2018 are as follows:

	Total
2019	$2,331
2020	3,432
2021	2,784
2022	1,787
2023	3,402
Thereafter	5,726
	$19,462

As of December 31, 2018, $18,785 of these financing commitments related 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.

Table of Contents

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 $3,761 and $3,708 as of December 31, 2018 and 2017.

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, 2018 and 2017, the cash surrender value was $466 and $489 and the total loans were $447 and $470. 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, 2018 and 2017.

United States Government Defense Environment Overview

The Bipartisan Budget Act of 2018, passed in February 2018, raised the 2011 Budget Control Act spending caps for fiscal years 2018 and 2019 (FY18 and FY19). The consolidated spending bills signed into law in September 2018 provide defense funding for FY19, in compliance with the revised caps. These bills also provide FY19 appropriations for most of the federal government. Full year funding for the departments and agencies not covered by enacted FY19 appropriations, including the National Aeronautics and Space Administration (NASA) and Federal Aviation Administration (FAA), remains uncertain. The unfunded departments and agencies affected by the partial government shutdown (December 22, 2018 through January 25, 2019) are now covered by a Continuing Resolution that extends funding at FY18 levels through February 15, 2019. Congress and the President must agree to FY19 appropriations or an additional Continuing Resolution to fund affected departments and agencies beyond the February 15 deadline in order to prevent a second partial government shutdown. The impact of a partial government shutdown to the Company's operations would increase as the shutdown continues.

There continues to be uncertainty with respect to future program-level appropriations for the U.S. DoD and other government agencies, including NASA. The 2011 Budget Control Act continues to mandate limits on U.S. government discretionary spending for fiscal years 2020 and 2021 (FY20 and FY21). The lower budget caps will take effect again in FY20 and FY21 unless Congress acts to raise the spending caps or to repeal or suspend the law. As a result, continued budget uncertainty and the risk of future sequestration cuts remain. Future budget cuts or investment priority changes could result in reductions, cancellations and/or delays of existing contracts or programs. Any of these impacts could have a material effect on the results of the Company's operations, financial position and/or cash flows.

BDS Fixed-Price Development Contracts

Fixed-price development work is inherently uncertain and subject to significant variability in estimates of the cost and time required to complete the work. BDS fixed-price contracts with significant development work include Commercial Crew, Saudi F-15, USAF KC-46A Tanker, T-X Trainer, VC-25B Presidential Aircraft, MQ-25 Stingray, and commercial and military satellites. The operational and technical complexities of these contracts create financial risk, which could trigger termination provisions, order cancellations or other financially significant exposure. Changes to cost and revenue estimates could result in lower margins or material charges for reach-forward losses. For example, we have recorded reach-forward losses on the KC-46A Tanker in 2018 as well as in prior years, and we continue to have risk for further losses if we experience further production, technical or quality issues, and delays in flight testing, certification and/or

Table of Contents

delivery. In addition, in 2018, in connection with winning the T-X Trainer and MQ-25 Stingray competitions, we recorded a loss of $400 associated with options for 346 T-X Trainer aircraft and a loss of $291 related to the MQ-25 Stingray Engineering, Manufacturing and Development (EMD) contract. Moreover, our fixed-price development programs remain subject to additional reach-forward losses if we experience further technical or quality issues, schedule delays, or increased costs.

KC-46A Tanker

In 2011, we were awarded a contract from the U.S. Air Force (USAF) to design, develop, manufacture and deliver four next generation aerial refueling tankers. This EMD contract is a fixed-price incentive fee contract valued at $4.9 billion and involves highly complex designs and systems integration. In 2016, the USAF authorized two LRIP lots for 7 and 12 aircraft valued at $2.8 billion and in 2017, the USAF authorized an additional LRIP lot for 15 aircraft valued at $2.1 billion. On September 10, 2018, the USAF authorized an additional LRIP lot for 18 aircraft valued at $2.9 billion. In January 2019, we delivered the first KC-46A Tanker to the USAF.

At December 31, 2018, we had approximately $370 of capitalized precontract costs and $550 of potential termination liabilities to suppliers.

Recoverable Costs on Government Contracts

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

Note 15 – 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,	**2018**	2017	**2018**	2017	**2018**	2017
Contingent repurchase commitments	**$1,685**	$1,605	**$1,685**	$1,605		$9
Indemnifications to ULA:						
Contributed Delta program launch inventory	**52**	72				
Contract pricing		261				7
Other Delta contracts	**176**	191				
Credit guarantees	**106**	109	**51**	55	**16**	16

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

Indemnifications to ULA In 2006, we agreed to indemnify ULA through December 31, 2020 against potential non-recoverability and non-allowability of $1,360 of Boeing Delta launch program inventory included in contributed assets plus $1,860 of inventory subject to an inventory supply agreement which ends on March 31, 2021. See Note 8. ULA has yet to consume $52 of contributed inventory.

We also agreed to indemnify ULA for up to $261 in the event ULA was unable to obtain sufficient additional contract pricing from the USAF for certain satellite missions. In the fourth quarter of 2018, ULA and the USAF entered into a settlement agreement which resulted in the USAF making a payment of $240 to ULA. Potential payments for Other Delta contracts include $85 related to deferred support costs and $91 related to deferred production costs. In June 2011, the Defense Contract Management Agency (DCMA) notified ULA that it had determined that $271 of deferred support costs are not recoverable under government contracts. In December 2011, the DCMA notified ULA of the potential non-recoverability of an additional $114 of deferred production costs. ULA and Boeing believe that all costs are recoverable and in November 2011, ULA filed a certified claim with the USAF for collection of deferred support and production costs. The USAF issued a final decision denying ULA's certified claim in May 2012. In 2012, Boeing and ULA, through its subsidiary United Launch Services, filed a suit in the Court of Federal Claims seeking recovery of the deferred support and production costs from the U.S. government, which subsequently asserted a counterclaim for credits that it alleges were offset by deferred support cost invoices. We believe that the U.S. government's counterclaim is without merit. The discovery phase of the litigation completed in 2017. Boeing filed a motion on November 17, 2017, asking the court to award full recovery without a trial. The court denied Boeing's motion on August 29, 2018. The court has entered the parties' proposed pre-trial schedule providing for a final pre-trial conference on or before October 17, 2019. If, contrary to our belief, it is determined that some or all of the deferred support or production costs are not recoverable, we could be required to record pre-tax losses and make indemnification payments to ULA for up to $317 of the costs questioned by the DCMA.

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 14.

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.

Table of Contents

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, 2018 and 2017, the assets and liabilities associated with the IRBs were $271 and $166.

Note 16 – Debt

On February 23, 2018, we issued $1,400 of fixed rate senior notes consisting of $350 due March 1, 2023 that bear an annual interest rate of 2.8%, $350 due March 1, 2028 that bear an annual interest rate of 3.25%, $350 due March 1, 2038 that bear an annual interest rate of 3.55%, and $350 due March 1, 2048 that bear an annual interest rate of 3.625%. 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 $1,338, after deducting underwriting discounts, commissions and offering expenses.

On October 31, 2018, we issued $700 of fixed rate senior notes consisting of $350 due November 1, 2028 that bear an annual interest rate of 3.45%, and $350 due November 1, 2048 that bear an annual interest rate of 3.85%. 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 $663, after deducting underwriting discounts, commissions and offering expenses.

Interest incurred, including amounts capitalized, was $624, $541 and $535 for the years ended December 31, 2018, 2017 and 2016, respectively. Interest expense recorded by BCC is reflected as Boeing Capital interest expense on our Consolidated Statements of Operations. Total Company interest payments were $616, $527 and $523 for the years ended December 31, 2018, 2017 and 2016, respectively.

We have $5,120 currently available under credit line agreements, of which $2,610 is a 364-day revolving credit facility expiring in October, 2019 and $2,510 expires in October, 2023. 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:

	2018	2017
Unsecured debt securities	**$1,151**	$599
Non-recourse debt and notes	**25**	33
Capital lease obligations	**57**	52
Commercial paper	**1,895**	600
Other notes	**62**	51
Total	**$3,190**	$1,335

Table of Contents

Debt at December 31 consisted of the following:

	2018	2017
Unsecured debt securities		
0.95% - 4.88% due through 2048	**$7,538**	6,127
5.80% - 6.88% due through 2043	**2,388**	2,386
7.25% - 8.75% due through 2043	**1,638**	1,637
Commercial paper	**1,895**	600
Non-recourse debt and notes		
6.98% - 7.38% notes due through 2021	**62**	94
Capital lease obligations due through 2034	**156**	138
Other notes	**170**	135
Total debt	**$13,847**	$11,117

At December 31, 2018 and 2017, commercial paper borrowings totaling $1,895 and $600, with a weighted-average interest rate of 2.5% and 1.4%, were supported by unused commitments under the revolving credit agreement.

Total debt at December 31 is attributable to:

	2018	2017
BCC	**$2,487**	$2,523
Other Boeing	**11,360**	8,594
Total debt	**$13,847**	$11,117

At December 31, 2018, $62 of debt (non-recourse debt and notes) was collateralized by customer financing assets totaling $204.

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

	2019	2020	2021	2022	2023
Scheduled principal payments	$3,195	$1,186	$816	$567	$779

Note 17 – Postretirement Plans

The majority 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 half those retirees 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.

Table of Contents

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 cost were as follows:

	Pension			Other Postretirement Benefits		
Years ended December 31,	**2018**	2017	2016	**2018**	2017	2016
Service cost	**$430**	$402	$604	**$94**	$106	$128
Interest cost	**2,781**	2,991	3,050	**194**	229	262
Expected return on plan assets	**(4,009)**	(3,847)	(3,999)	**(8)**	(7)	(8)
Amortization of prior service (credits)/costs	**(56)**	(39)	38	**(126)**	(137)	(126)
Recognized net actuarial loss	**1,130**	804	790	**(10)**	10	22
Settlement/curtailment/other losses	**44**	1	40			
Net periodic benefit cost	**$320**	$312	$523	**$144**	$201	$278
Net periodic benefit cost included in Earnings from operations	**$313**	$510	$1,257	**$84**	$107	$144
Net periodic benefit cost included in Other income/(loss), net	**(143)**	(117)	327	**101**	123	151
Net periodic benefit cost included in Earnings before income taxes	**$170**	$393	$1,584	**$185**	$230	$295

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, 2018 and 2017. Benefit obligation balances presented below reflect the PBO for our pension plans, and accumulated postretirement benefit obligations (APBO) for our OPB plans.

Table of Contents

	Pension		Other Postretirement Benefits	
	2018	2017	**2018**	2017
Change in benefit obligation				
Beginning balance	**$80,393**	$76,745	**$6,085**	$6,431
Service cost	**430**	402	**94**	106
Interest cost	**2,781**	2,991	**194**	229
Amendments	**(377)**	(7)	**(58)**	(35)
Actuarial (gain)/loss	**(6,352)**	5,653	**(732)**	(204)
Settlement/curtailment/other	**(730)**	(751)		
Gross benefits paid	**(4,700)**	(4,658)	**(487)**	(481)
Subsidies			**24**	33
Exchange rate adjustment	**(21)**	18	**(6)**	6
Ending balance	**$71,424**	$80,393	**$5,114**	$6,085
Change in plan assets				
Beginning balance at fair value	**$64,011**	$56,692	**$143**	$134
Actual return on plan assets	**(2,585)**	8,552	**(3)**	15
Company contribution	**16**	4,025	**2**	6
Plan participants' contributions			**7**	4
Settlement payments	**(764)**	(744)		
Benefits paid	**(4,557)**	(4,530)	**(17)**	(16)
Exchange rate adjustment	**(19)**	16		
Ending balance at fair value	**$56,102**	$64,011	**$132**	$143
Amounts recognized in statement of financial position at December 31 consist of:				
Other assets	**$138**	$218		
Other accrued liabilities	**(137)**	(129)	**($398)**	($397)
Accrued retiree health care			**(4,584)**	(5,545)
Accrued pension plan liability, net	**(15,323)**	(16,471)		
Net amount recognized	**($15,322)**	($16,382)	**($4,982)**	($5,942)

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

	Pension		Other Postretirement Benefits	
	2018	2017	**2018**	2017
Net actuarial loss/(gain)	**$22,061**	$22,942	**($783)**	($59)
Prior service (credits)	**(1,546)**	(1,211)	**(158)**	(226)
Total recognized in Accumulated other comprehensive loss	**$20,515**	$21,731	**($941)**	($285)

Table of Contents

The accumulated benefit obligation (ABO) for all pension plans was $69,376 and $77,414 at December 31, 2018 and 2017. Key information for our plans with ABO and PBO in excess of plan assets as of December 31 was as follows:

	2018	2017
Accumulated benefit obligation	**$66,306**	$71,975
Fair value of plan assets	**52,894**	58,353

	2018	2017
Projected benefit obligation	**$68,354**	$74,953
Fair value of plan assets	**52,894**	58,353

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,	**2018**	2017	2016
Discount rate:			
Pension	**4.20 %**	3.60 %	4.00 %
Other postretirement benefits	**4.00 %**	3.30 %	3.70 %
Expected return on plan assets	**6.80 %**	6.80 %	6.80 %
Rate of compensation increase	**5.30 %**	5.30 %	4.40 %
Interest crediting rates for cash balance plans	**5.15 %**	5.15 %	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 recent trust performance and 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, 2018, the MRVA was approximately $3,435 more than the fair market value of assets.

Assumed health care cost trend rates were as follows:

December 31,	**2018**	2017	2016
Health care cost trend rate assumed next year	**5.50 %**	6.00 %	6.50 %
Ultimate trend rate	**4.50 %**	4.50 %	5.00 %
Year that trend reached ultimate rate	**2021**	2021	2021

Table of Contents

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. 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 periodically. The actual and target allocations by asset class for the pension assets at December 31 were as follows:

	Actual Allocations		Target Allocations	
Asset Class	**2018**	2017	**2018**	2017
Fixed income	**48 %**	46 %	**47 %**	47 %
Global equity	**28**	31	**29**	29
Private equity	**5**	5	**5**	5
Real estate and real assets	**9**	8	**9**	9
Hedge funds	**10**	10	**10**	10
Total	**100 %**	100 %	**100 %**	100 %

Fixed income securities are invested primarily in a diversified portfolio of long duration instruments. Global equity securities are invested in a diversified portfolio of U.S. and non-U.S. companies, across various industries and market capitalizations.

Real estate and real assets include global private investments that may be held through an investment 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. Private equity investment vehicles are primarily limited partnerships (LPs) that mainly invest in U.S. and non-U.S. leveraged buyout, venture capital and special situation strategies.

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, long-short and multi-strategy.

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.

Table of Contents

As a percentage of total pension plan assets, derivative net notional amounts were 4.4% and 5.0% for fixed income, including to-be-announced mortgage-backed securities and treasury forwards, and 5.5% and 6.9% for global equity and commodities at December 31, 2018 and 2017.

In 2017, the Company contributed $3,500 of our common stock to the pension fund. An independent fiduciary was retained to manage and liquidate the stock over time at its discretion. The liquidation of the common stock holdings was completed in the fourth quarter of 2017.

Risk Management In managing the plan 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.

Table of Contents

Fair Value Measurements The following table presents our plan assets using the fair value hierarchy as of December 31, 2018 and 2017. 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, 2018				December 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**	Total	Level 1	Level 2	Level 3
Fixed income securities:								
Corporate	**$17,481**		**$17,479**	**$2**	$19,603		$19,591	$12
U.S. government and agencies	**5,589**		**5,589**		5,430		5,430	
Mortgage backed and asset backed	**722**		**410**	**312**	760		460	300
Municipal	**1,255**		**1,255**		1,355		1,355	
Sovereign	**967**		**967**		1,237		1,237	
Other	**106**	**$53**	**53**		118	$59	59	
Derivatives:								
Assets					49		49	
Liabilities	**(51)**		**(51)**		(25)		(25)	
Cash equivalents and other short-term investments	**1,068**		**1,068**		1,778		1,778	
Equity securities:								
U.S. common and preferred stock	**3,744**	**3,744**			4,615	4,615		
Non-U.S. common and preferred stock	**4,850**	**4,846**	**4**		6,204	6,204		
Derivatives:								
Assets	**3**		**3**		4	1	3	
Liabilities	**(9)**		**(9)**		(4)		(4)	
Private equity								
Real estate and real assets:								
Real estate	**422**	**422**			462	462		
Real assets	**659**	**311**	**344**	**4**	705	449	253	3
Derivatives:								
Assets	**4**		**4**		17		17	
Liabilities	**(17)**	**(1)**	**(16)**		(3)		(3)	
Total	**$36,793**	**$9,375**	**$27,100**	**$318**	$42,305	$11,790	$30,200	$315
Fixed income common/collective/pooled funds	**$938**				$1,257			
Fixed income other	**442**				303			
Equity common/collective pooled funds	**5,264**				6,786			
Private equity	**2,934**				2,767			
Real estate and real assets	**3,792**				3,744			
Hedge funds	**5,484**				6,440			
Total investments measured at NAV as a practical expedient	**$18,854**				$21,297			
Cash	**$205**				$170			
Receivables	**404**				436			
Payables	**(154)**				(197)			
Total	**$56,102**				$64,011			

Table of Contents

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 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 NAV valuations are based on 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 (GP), 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.

Table of Contents

The following tables present a reconciliation of Level 3 assets (excluding investments which are valued using NAVs as a practical expedient) held during the years ended December 31, 2018 and 2017. Transfers into and out of Level 3 are reported at the beginning-of-year values.

	January 1 2018 Balance	Net Realized and Unrealized Gains/(Losses)	Net Purchases, Issuances and Settlements	Net Transfers Into/(Out of) Level 3	December 31 2018 Balance
Fixed income securities:					
Corporate [1]	**$2**				**$2**
Mortgage backed and asset backed [1]	**310**	**($3)**	**$3**	**$2**	**312**
Real assets	**3**			**1**	**4**
Total	**$315**	**($3)**	**$3**	**$3**	**$318**

	January 1 2017 Balance	Net Realized and Unrealized Gains/(Losses)	Net Purchases, Issuances and Settlements	Net Transfers Into/(Out of) Level 3	December 31 2017 Balance
Fixed income securities:					
Corporate [1]	$12		$1	($1)	$12
U.S. government and agencies	1			(1)	
Mortgage backed and asset backed [1]	331	$10	(39)	(2)	300
Equity securities:					
U.S. common and preferred stock	1	(1)			
Real assets	5		(2)		3
Total	$350	$9	($40)	($4)	$315

(1) Certain fixed income securities were reclassified between mortgage backed and asset backed and corporate on January 1, 2018 and 2017.

The changes in unrealized (losses)/gains for Level 3 mortgage backed and asset backed fixed income securities still held at December 31, 2018 and 2017 were a loss of $4 and a gain of $6.

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.

Table of Contents

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 2019. We do not expect to make contributions to our pension plans in 2019.

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)	2019	2020	2021	2022	2023	2024-2028
Pensions	$4,711	$4,706	$4,684	$4,630	$4,575	$22,171
Other postretirement benefits:						
Gross benefits paid	486	486	477	476	465	2,066
Subsidies	(17)	(17)	(17)	(18)	(18)	(90)
Net other postretirement benefits	$469	$469	$460	$458	$447	$1,976

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 $1,480, $1,522 and $1,413 in 2018, 2017 and 2016, respectively.

Note 18 – 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 2019.

Table of Contents

Share-based plans expense is primarily included in General and administrative expense since it is incentive compensation issued primarily to our executives. The share-based plans expense and related income tax benefit were as follows:

Years ended December 31,	**2018**	2017	2016
Stock options			$4
Restricted stock units and other awards	**$213**	$212	189
Share-based plans expense	**$213**	$212	$193
Income tax benefit	**$46**	$46	$69

Stock Options

We discontinued granting options in 2014, replacing them with performance-based restricted stock units. 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 ten years after the date of grant. The stock options vested over a period of three years and were fully vested at December 31, 2018.

Stock option activity for the year ended December 31, 2018 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	4,417,218	$71.69		
Exercised	(1,165,135)	69.53		
Outstanding at end of year	3,252,083	$72.47	3.20	$813
Exercisable at end of year	3,252,083	$72.47	3.20	$813

The total intrinsic value of options exercised during the years ended December 31, 2018, 2017 and 2016 was $320, $491 and $265, with a related tax benefit of $70, $175 and $94, respectively. No options vested during the years ended December 31, 2018 and 2017. The grant date fair value of stock options vested during the year ended December 31, 2016 was $27.

Restricted Stock Units

In February 2018, 2017 and 2016, we granted to our executives 260,730, 523,835 and 777,837 restricted stock units (RSUs) as part of our long-term incentive program with grant date fair values of $361.13, $178.72 and $117.50 per unit, respectively. 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 executive terminates employment because of retirement, involuntary layoff, disability, or death, the employee (or beneficiary) will 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. In addition to RSUs awarded under our long-term incentive program, 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.

Table of Contents

RSU activity for the year ended December 31, 2018 was as follows:

	Long-Term Incentive Program	Other
Number of units:		
Outstanding at beginning of year	1,627,102	1,156,462
Granted	287,729	216,949
Dividends	28,249	20,759
Forfeited	(80,426)	(30,745)
Distributed	(540,403)	(379,190)
Outstanding at end of year	1,322,251	984,235
Unrecognized compensation cost	$97	$108
Weighted average remaining contractual life *(years)*	1.8	3.1

The number of vested but undistributed RSUs at December 31, 2018 was not significant.

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 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. PBRSUs granted in February 2017 and 2016 will not exceed 400% of the initial value (excluding dividend equivalent credits). 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, involuntary 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 2018, 2017 and 2016, we granted to our executives 241,284, 492,273 and 721,176 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
2018	2/26/2018	3 years	22.11	%2.36	%390.27
2017	2/27/2017	3 years	21.37	%1.46	%190.17
2016	2/22/2016	3 years	22.44	%0.92	%126.74

Table of Contents

PBRSU activity for the year ended December 31, 2018 was as follows:

	Long-Term Incentive Program
Number of units:	
Outstanding at beginning of year	1,551,734
Granted	241,284
Performance based adjustment [1]	374,406
Dividends	65,339
Forfeited	(70,284)
Distributed	(893,812)
Outstanding at end of year	1,268,667
Unrecognized compensation cost	$86
Weighted average remaining contractual life *(years)*	1.8

[1] Represents net incremental number of units issued at vesting based on TSR for units granted in 2015

Other Compensation Arrangements

Performance Awards

Performance Awards 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, 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.

During 2018, 2017 and 2016, we granted Performance Awards to our executives as part of our long-term incentive program with the payout based on the achievement of financial goals for each three-year period following the grant date. The minimum payout amount is $0 and the maximum amount we could be required to pay out for the 2018, 2017 and 2016 Performance Awards is $369, $332 and $310, respectively. The 2016 grant is expected to be paid out in cash in March 2019.

Deferred Compensation

The Company has deferred compensation plans which permit employees to defer a portion of their salary, bonus, certain other incentive awards, and retirement contributions. Participants can diversify these amounts among 22 investment funds including a Boeing stock unit account.

Total expense related to deferred compensation was $19, $240 and $46 in 2018, 2017 and 2016, respectively. As of December 31, 2018 and 2017, the deferred compensation liability which is being marked to market was $1,572 and $1,547.

Table of Contents

Note 19 – Shareholders' Equity

On December 17, 2018, the Board approved a new repurchase plan for up to $20,000 of common stock, replacing the previously authorized program. The program will expire when we have used all authorized funds or is otherwise terminated.

As of December 31, 2018 and 2017, 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, 2016	1,012,261,159	345,637,354
Issued		(6,376,868)
Acquired		55,849,082
Balance at December 31, 2016	1,012,261,159	395,109,568
Issued		(20,746,426)
Acquired		46,859,184
Balance at December 31, 2017	1,012,261,159	421,222,326
Issued		**(3,409,330)**
Acquired		**26,806,974**
Balance at December 31, 2018	**1,012,261,159**	**444,619,970**

Table of Contents

Accumulated Other Comprehensive Loss

Changes in Accumulated other comprehensive loss (AOCI) by component for the years ended December 31, 2018, 2017 and 2016 were as follows:

	Currency Translation Adjustments	Unrealized Gains and Losses on Certain Investments	Unrealized Gains and Losses on Derivative Instruments	Defined Benefit Pension Plans & Other Postretirement Benefits	Total [1]
Balance at January 1, 2016	($39)	$—	($197)	($12,512)	($12,748)
Other comprehensive (loss)/income before reclassifications	(104)	(2)	(8)	(1,320)	(1,434)
Amounts reclassified from AOCI			78	481 [2]	559
Net current period Other comprehensive (loss)/income	(104)	(2)	70	(839)	(875)
Balance at December 31, 2016	($143)	($2)	($127)	($13,351)	($13,623)
Other comprehensive income/(loss) before reclassifications	128	1	119	(478)	(230)
Amounts reclassified from AOCI			52	425 [2]	477
Net current period Other comprehensive income/(loss)	128	1	171	(53)	247
Impact of ASU 2018-02		($1)	$10	($3,006)	($2,997)
Balance at December 31, 2017	($15)	($2)	$54	($16,410)	($16,373)
Other comprehensive (loss)/income before reclassifications	**(86)**	**2**	**(146)**	**747**	**517**
Amounts reclassified from AOCI			**30**	**743** [2]	**773**
Net current period Other comprehensive (loss)/income	**(86)**	**2**	**(116)**	**1,490**	**1,290**
Balance at December 31, 2018	**($101)**	**$—**	**($62)**	**($14,920)**	**($15,083)**

(1) Net of tax.

(2) Primarily relates to amortization of actuarial losses for the years ended December 31, 2018, 2017, and 2016 totaling $878, $542, and $524 (net of tax of ($242), ($272), and ($288)), respectively. These are included in the net periodic pension cost. See Note 17.

Note 20 – Derivative Financial Instruments

Cash Flow Hedges

Our cash flow hedges include foreign currency forward contracts 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 2024. We use commodity derivatives, such as fixed-price purchase commitments to hedge against potentially unfavorable price changes for items used in production. Our commodity contracts hedge forecasted transactions through 2021.

Fair Value Hedges

Interest rate swaps under which we agree to pay variable rates of interest are designated as fair value hedges of fixed-rate debt. The net change in fair value of the derivatives and the hedged items is reported in Boeing Capital interest expense.

Table of Contents

Derivative Instruments Not Receiving Hedge Accounting Treatment

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

Notional Amounts and Fair Values

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

	Notional amounts[1]		Other assets		Accrued liabilities	
	2018	2017	**2018**	2017	**2018**	2017
Derivatives designated as hedging instruments:						
Foreign exchange contracts	**$3,407**	$2,930	**$32**	$131	**($132)**	($63)
Interest rate contracts	**125**	125		3		
Commodity contracts	**57**	56	**9**	4	**(2)**	(6)
Derivatives not receiving hedge accounting treatment:						
Foreign exchange contracts	**414**	406	**11**	16	**(2)**	(5)
Commodity contracts	**478**	563				
Total derivatives	**$4,481**	$4,080	**52**	154	**(136)**	(74)
Netting arrangements			**(24)**	(61)	**24**	61
Net recorded balance			**$28**	$93	**($112)**	($13)

[1] Notional amounts represent the gross contract/notional amount of the derivatives outstanding.

Gains/(losses) associated with our cash flow and undesignated hedging transactions and their effect on Other comprehensive income/(loss) and Net earnings were as follows:

Years ended December 31,	**2018**	2017
Effective portion recognized in Other comprehensive income/(loss), net of taxes:		
Foreign exchange contracts	**($156)**	$123
Commodity contracts	**10**	(4)
Effective portion reclassified out of Accumulated other comprehensive loss into earnings, net of taxes:		
Foreign exchange contracts	**(33)**	(50)
Commodity contracts	**3**	(2)
Forward points recognized in Other income/(loss), net:		
Foreign exchange contracts	**1**	8
Undesignated derivatives recognized in Other income/(loss), net:		
Foreign exchange contracts		8

Based on our portfolio of cash flow hedges, we expect to reclassify losses of $6 (pre-tax) out of Accumulated other comprehensive loss into earnings during the next 12 months. Ineffectiveness related to our hedges recognized in Other income/(loss), net was insignificant for the years ended December 31, 2018 and 2017.

Table of Contents

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, 2018 was $35. At December 31, 2018, there was no collateral posted related to our derivatives.

Note 21 – 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, 2018			December 31, 2017		
	Total	**Level 1**	**Level 2**	Total	Level 1	Level 2
Assets						
Money market funds	**$1,737**	**$1,737**		$1,582	$1,582	
Available-for-sale debt investments:						
Commercial paper	**78**		**78**	70		70
Corporate notes	**420**		**420**	382		382
U.S. government agencies				47		47
Other equity investments	**12**	**12**		18	18	
Derivatives	**28**		**28**	93		$93
Total assets	**$2,275**	**$1,749**	**$526**	$2,192	$1,600	$592
Liabilities						
Derivatives	**($112)**		**($112)**	($13)		($13)
Total liabilities	**($112)**		**($112)**	($13)		($13)

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, commodity and interest rate 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. The fair value of our interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve.

Table of Contents

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:

	2018		2017	
	Fair Value	**Total Losses**	Fair Value	Total Losses
Investments		**($50)**	$1	($44)
Operating lease equipment	**$101**	**(39)**	90	($32)
Other assets and Acquired intangible assets			14	(23)
Property, plant and equipment	**44**	**(4)**	8	(2)
Total	**$145**	**($93)**	$113	($101)

Investments, Acquired intangible assets and Property, plant and equipment were primarily valued using an income approach based on the discounted cash flows associated with the underlying assets. The fair value of the impaired operating lease equipment 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, 2018, 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
Operating lease equipment	$101	Market approach	Aircraft value publications	$103 - $164[(1)] Median $123
			Aircraft condition adjustments	($25) - $3[(2)] Net ($22)

(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.

Table of Contents

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, 2018				
	Carrying Amount	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Notes receivable, net	**$730**	**$735**		**$735**	
Liabilities					
Debt, excluding capital lease obligations and commercial paper	**(11,796)**	**(12,746)**		**(12,682)**	**($64)**

	December 31, 2017				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets					
Notes receivable, net	$1,022	$1,046		$1,046	
Liabilities					
Debt, excluding capital lease obligations and commercial paper	(10,380)	(11,923)		(11,823)	($100)

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, 2018 and 2017. 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 22 – 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. 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.

Table of Contents

Note 23 – Segment and Revenue Information

Our primary profitability measurements to review a segment's operating results are Earnings from operations and operating margins. We operate in four reportable segments: BCA, BDS, BGS, and BCC. All other activities fall within Unallocated items, eliminations and other. See page 53 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. Revenue on certain military derivative aircraft contracts is recognized over the contract term (over time) as costs are incurred.

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

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

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

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 consist of the following:

Years ended December 31,	**2018**	2017	2016
Asia, other than China	**$12,141**	$9,195	$9,892
Europe	**12,976**	11,240	13,018
China	**13,764**	11,932	10,289
Middle East	**9,745**	11,433	12,251
Oceania	**2,298**	1,931	1,693
Canada	**2,583**	2,212	2,084
Africa	**1,486**	815	1,990
Latin America, Caribbean and other	**1,458**	1,541	1,972
Total non-U.S. revenues	**56,451**	50,299	53,189
United States	**44,676**	43,706	40,307
Total revenues	**$101,127**	$94,005	$93,496

Revenues from the U.S. government (including foreign military sales through the U.S. government), primarily recorded at BDS and BGS, represented 31%, 31% and 30% of consolidated revenues for 2018, 2017 and 2016, respectively. Approximately 4% of operating assets were located outside the United States as of December 31, 2018 and 2017.

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.

Table of Contents

BCA revenues by customer location consist of the following:

Years ended December 31,	**2018**	2017	2016
Revenue from contracts with customers:			
Europe	**$9,719**	$8,478	$10,124
China	**13,068**	10,982	9,819
Asia, other than China	**8,274**	6,482	7,438
Middle East	**5,876**	8,927	9,505
Other	**5,185**	4,365	5,730
Total non-U.S. revenues	**42,122**	39,234	42,616
United States	**17,081**	16,861	14,769
Total revenues from contracts with customers	**59,203**	56,095	57,385
Intersegment revenues, eliminated on consolidation	**1,512**	1,919	1,993
Total segment revenues	**$60,715**	$58,014	$59,378
Revenue recognized on fixed-price contracts	**100 %**	100 %	100 %
Revenue recognized at a point in time	**94 %**	95 %	95 %

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

Years ended December 31,	**2018**	2017	2016
Revenue from contracts with customers:			
U.S. customers	**$16,492**	$15,889	$15,227
Non U.S. customers[1]	**6,703**	4,672	4,953
Total segment revenue from contracts with customers	**$23,195**	$20,561	$20,180
Revenue recognized over time	**98 %**	97 %	99 %
Revenue recognized on fixed-price contracts	**65 %**	63 %	64 %
Revenue from the U.S. government[1]	**86 %**	87 %	88 %

[1] Includes revenues earned from foreign military sales through the U.S. government.

Table of Contents

BGS revenues consist of the following:

Years ended December 31,	**2018**	2017	2016
Revenue from contracts with customers:			
Commercial	**$9,227**	$7,622	$6,918
Government	**7,620**	6,910	6,860
Total revenues from contracts with customers	**16,847**	14,532	13,778
Intersegment revenues eliminated on consolidation	**171**	49	41
Total segment revenues	**$17,018**	$14,581	$13,819
Revenue recognized at a point in time	**54 %**	50 %	43 %
Revenue recognized on fixed-price contracts	**90 %**	89 %	87 %
Revenue from the U.S. government[1]	**36 %**	39 %	41 %

[1] Includes revenues earned from foreign military sales through the U.S. government.

Backlog

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

Our backlog at December 31, 2018 was $490,481. We expect approximately 19% to be converted to revenue through 2019 and approximately 65% through 2022, with the remainder thereafter.

Depreciation and Amortization

Years ended December 31,	**2018**	2017	2016
Commercial Airplanes	**$565**	$521	$442
Defense, Space & Security	**290**	252	220
Global Services	**348**	322	312
Boeing Capital Corporation	**58**	70	83
Unallocated items, eliminations and other	**853**	882	832
Total	**$2,114**	$2,047	$1,889

Capital Expenditures

Years ended December 31,	**2018**	2017	2016
Commercial Airplanes	**$604**	$636	$830
Defense, Space & Security	**208**	210	290
Global Services	**231**	180	209
Unallocated items, eliminations and other	**679**	713	1,284
Total	**$1,722**	$1,739	$2,613

Unallocated capital expenditures relate primarily to assets managed centrally on behalf of the four principal segments.

Table of Contents

We recorded Earnings from operations associated with our equity method investments of $167, $233 and $303, primarily in our BDS segment, for the years ended December 31, 2018, 2017 and 2016, respectively.

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 and airplanes transferred to the BDS segment for further modification prior to delivery to the customer. The revenues and cost of sales for these transfers are eliminated in the Unallocated items, eliminations and other caption. 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,	**2018**	2017	2016
Share-based plans	**($76)**	($77)	($66)
Deferred compensation	**(19)**	(240)	(46)
Amortization of previously capitalized interest	**(92)**	(96)	(106)
Eliminations and other unallocated items	**(1,227)**	(686)	(489)
Unallocated items, eliminations and other	**(1,414)**	(1,099)	(707)
Pension FAS/CAS service cost adjustment	**1,005**	1,127	1,029
Postretirement FAS/CAS service cost adjustment	**322**	311	328
FAS/CAS service cost adjustment	**$1,327**	$1,438	$1,357

Pension and Other Postretirement Benefit Expense

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

Table of Contents

Assets

Segment assets are summarized in the table below.

December 31,	**2018**	2017
Commercial Airplanes	**$64,670**	$64,647
Defense, Space & Security	**19,794**	18,476
Global Services	**17,910**	12,491
Boeing Capital	**2,809**	3,156
Unallocated items, eliminations and other	**12,176**	13,592
Total	**$117,359**	$112,362

Assets included in Unallocated items, eliminations and other primarily consist of Cash and cash equivalents, Short-term and other investments, deferred tax assets, capitalized interest, assets held centrally and intercompany eliminations.

Table of Contents

Note 24 – Quarterly Financial Data (Unaudited)

	2018				2017			
	4th	**3rd**	**2nd**	**1st**	4th	3rd	2nd	1st
Total revenues	**$28,341**	**$25,146**	**$24,258**	**$23,382**	$24,770	$24,223	$23,051	$21,961
Total costs and expenses	**(22,090)**	**(21,040)**	**(19,536)**	**(18,824)**	(19,881)	(19,956)	(18,702)	(18,073)
Earnings from operations	**4,175**	**2,227**	**2,710**	**2,875**	2,978	2,630	2,530	2,206
Net earnings	**3,424**	**2,363**	**2,196**	**2,477**	3,320	1,810	1,749	1,579
Basic earnings per share	**6.00**	**4.11**	**3.77**	**4.19**	5.57	3.03	2.91	2.57
Diluted earnings per share	**5.93**	**4.07**	**3.73**	**4.15**	5.49	2.99	2.87	2.54

Gross profit is calculated as Total revenues minus Total costs and expenses. Total costs and expenses includes Cost of products, Cost of services and Boeing Capital interest expense.

During the third quarter of 2018, we recorded a tax benefit of $412 related to the settlement of the 2013-2014 federal tax audit. During the fourth quarter of 2017, as a result of the enactment of the TCJA, we recorded provisional tax benefits of $1,271, primarily related to the remeasurement of net U.S. deferred tax liabilities.

During 2018 and 2017, higher estimated costs to complete the KC-46A Tanker contract for the U.S. Air Force resulted in reach-forward losses. We recorded $81, $426, $179 and $50 in the first, second, third and fourth quarters of 2018, respectively. We recorded $138 and $314 in the first and third quarters of 2017.

During the third quarter of 2018, upon contract award, we recorded charges of $400 associated with anticipated losses on the T-X Trainer and $291 on the MQ-25 Stingray.

During the second quarter of 2018, we recorded a charge of $148 related to the outcome of the Spirit litigation, including the write-off of $137 of receivables.

We increased our quarterly dividend from $1.42 to $1.71 in December 2017 and to $2.06 in December 2018.

Table of Contents

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, 2018 and 2017, the related consolidated statements of operations, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, 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, 2018, 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 February 8, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Notes 1 and 2 to the financial statements, in 2018 the Company changed its method of accounting for revenue from contracts with customers.

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.

/s/ Deloitte & Touche LLP
Chicago, Illinois
February 8, 2019

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

Table of Contents

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, 2018, 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, 2018, 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, 2018, of the Company and our report dated February 8, 2019, expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the Company's change in method of accounting for revenue from contracts with customers.

As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at KLX Inc., which was acquired on October 9, 2018 and whose financial statements constitute approximately 4% of Total assets and less than 1% of each Total revenues and Earnings from operations of the consolidated financial statement amounts as of and for the year ended December 31, 2018. Accordingly, our audit did not include the internal control over financial reporting at KLX Inc.

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

Table of Contents

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
February 8, 2019

Table of Contents

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, 2018 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, 2018.

Our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2018 did not include an assessment of the effectiveness of internal control over financial reporting of KLX Inc. (KLX), which was acquired on October 9, 2018. The operating results of KLX are included in our consolidated financial statements from the period subsequent to the acquisition date and represent approximately 4 percent of our Total assets as of December 31, 2018 and less than 1 percent of each our Total revenues and Earnings from operations for the year then ended. We will perform an assessment of the effectiveness of KLX’s internal control over financial reporting within one year of the date of acquisition.

Our internal control over financial reporting as of December 31, 2018, 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 2018 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information

None.

Table of Contents

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Our executive officers and their ages as of February 1, 2019, are as follows:

Name	Age	Principal Occupation or Employment/Other Business Affiliations
Bertrand-Marc Allen	45	Senior Vice President and President, Boeing International since February 2015. Mr. Allen previously served as 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.
Heidi B. Capozzi	49	Senior Vice President, Human Resources since March 2016. Ms. Capozzi previously served as Vice President of Leadership Development, Talent Management and Organization Effectiveness from April 2013 to March 2016; Director of Human Resources for the Airplane Programs division of Commercial Airplanes from April 2011 to April 2013; and Director of Human Resources for the Surveillance and Engagement division of Boeing Military Aircraft from May 2009 to April 2011.
Leanne G. Caret	52	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.
Theodore Colbert III	45	Chief Information Officer and Senior Vice President, Information Technology & Data Analytics since April 2016. Mr. Colbert previously served as 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.
Stanley A. Deal	54	Executive Vice President, President and Chief Executive Officer, Boeing Global Services since November 2016. Mr. Deal joined Boeing in 1986, and his previous positions include 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.
Gregory L. Hyslop	60	Chief Technology Officer and Senior Vice President, Boeing Engineering, Test & Technology since July 2016. Mr. Hyslop was named Senior Vice President, Boeing Engineering, Test & Technology in March 2016, and his previous positions include Vice President and General Manager of Boeing Research & 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.

Table of Contents

Name	Age	Principal Occupation or Employment/Other Business Affiliations
Timothy J. Keating	57	Executive Vice President, Government Operations since February 2018. Mr. Keating joined Boeing in June 2008 as Senior Vice President, Government Operations. From October 2002 to May 2008 served as Senior Vice President, Global Government Relations at Honeywell International Inc. Prior thereto, Mr. Keating was Chairman of the Board and Managing Partner of Timmons and Company (a Washington, D.C. lobbying firm).
J. Michael Luttig	64	Executive Vice President and General Counsel since April 2009. Mr. Luttig joined Boeing in May 2006 as Senior Vice President, General Counsel. From October 1991 to May 2006, he served on the United States Court of Appeals for the Fourth Circuit. Mr. Luttig previously served as Assistant Attorney General of the United States, Counselor to the Attorney General at the Department of Justice and Principal Deputy Assistant Attorney General at the Department of Justice and was associated with Davis Polk & Wardwell LLP. Mr. Luttig serves as Director, Franklin Templeton Mutual Funds.
Kevin G. McAllister	55	Executive Vice President, President and Chief Executive Officer, Boeing Commercial Airplanes since November 2016. Mr. McAllister served as President and Chief Executive Officer of GE Aviation Services from January 2014 to November 2016 and Vice President, Global Sales and Marketing of GE Aviation from June 2008 to January 2014.
Dennis A. Muilenburg	55	Chairman, President and Chief Executive Officer since March 2016. Mr. Muilenburg was named President and Chief Executive Officer in July 2015. He joined Boeing in 1985, and his previous positions include Vice Chairman, President and Chief Operating Officer from December 2013 to July 2015; Executive Vice President, President and Chief Executive Officer of BDS from September 2009 to December 2013; President of Global Services & Support from February 2008 to August 2009; Vice President and General Manager of Combat Systems from May 2006 to February 2008; and Vice President and Program Manager for Future Combat Systems. Mr. Muilenburg also serves on the board of Caterpillar Inc.
Jenette E. Ramos	53	Senior Vice President, Manufacturing, Supply Chain & Operations since April 2018. Ms. Ramos joined Boeing in 1988, and her previous positions include Senior Vice President, Supply Chain and Operations from June 2017 to April 2018; Vice President and General Manager, BCA Fabrication from April 2014 to May 2017; Vice President, Supply Chain Management from January 2012 to April 2014; Vice President, Operations Supply Chain Rate, Supplier Management Capability for Boeing Commercial Airplanes from June 2011 to January 2012; director of Business Operations for Boeing Fabrication from June 2009 to May 2011; and General Manager of Boeing Portland from February 2005 to May 2009.
Diana L. Sands	53	Senior Vice President, Office of Internal Governance and Administration since March 2016. Ms. Sands previously served as Senior Vice President, Office of Internal Governance from April 2014 to March 2016; Vice President of Finance and Corporate Controller from February 2012 to April 2014 and Vice President of Investor Relations, Financial Planning & Analysis from February 2010 to February 2012. Prior to that, she held positions in Investor Relations, Financial Planning and in Corporate Treasury.

Name	Age	Principal Occupation or Employment/Other Business Affiliations
Gregory D. Smith	52	Chief Financial Officer and Executive Vice President, Enterprise Performance and Strategy since February 2015. Mr. Smith previously served as Executive Vice President, Chief Financial Officer from February 2012 to February 2015; Vice President of Finance and Corporate Controller from February 2010 to February 2012; and Vice President of Financial Planning & Analysis from June 2008 to February 2010. From August 2004 until June 2008, he served as Vice President of Global Investor Relations at Raytheon Company. Prior to that, he held a number of positions at Boeing including CFO, Shared Services Group; Controller, Shared Services Group; Senior Director, Internal Audit; and leadership roles in supply chain, factory operations and program management. Mr. Smith serves on the board of Intel Corporation.

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, 2019 and is incorporated by reference herein. The 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 – Section 16(a) Beneficial Ownership Reporting Compliance” and “Board Committees” in the 2019 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, 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 2019 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 2019 Proxy Statement, and that information is incorporated by reference herein.

Table of Contents

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 2019 Proxy Statement, and that information is incorporated by reference herein.

Equity Compensation Plan Information

We currently maintain two equity compensation plans that provide for the issuance of common stock to officers and other employees, directors and consultants. Each of these compensation plans was approved by our shareholders. The following table sets forth information regarding outstanding options and shares available for future issuance under these plans as of December 31, 2018:

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	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	3,252,083	$72.47	
Deferred compensation	1,849,852		
Other stock units(1)	4,843,820		
Equity compensation plans not approved by shareholders	None	None	None
Total(2)	9,945,755	$72.47	14,244,836

(1) Includes 2,537,334 shares issuable in respect of PBRSUs subject to the satisfaction of performance criteria and assumes payout at maximum levels.

(2) 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 2018, 2019 and 2020.

For further information, see Note 18 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 2019 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 2019 Proxy Statement, and that information is incorporated by reference herein.

Item 14. Principal Accounting Fees and Services

The information required by this Item will be included under the caption "Independent Auditor Fees" in the 2019 Proxy Statement, and that information is incorporated by reference herein.

Table of Contents

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 October 22, 2018 (Exhibit 3.2 to the Company's Form 10-Q for the quarter ended September 30, 2018).
10.1	364-Day Credit Agreement, dated as of October 31, 2018, among The Boeing Company, Citibank, N.A. and JPMorgan Chase Bank, N.A. as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. as administrative agent (Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 29, 2018).
10.2	Five-Year Credit Agreement, dated as of November 10, 2011, among The Boeing Company, the Lenders party thereto, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. as administrative agent (Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 10, 2011).
10.3	Amendment No. 1 dated as of October 9, 2014 to the Five-Year Credit Agreement, dated as of November 10, 2011, among The Boeing Company, the Lenders party thereto, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. as administrative agent (Exhibit 10.2 to the Company's Current Report on Form 8-K dated October 14, 2014).
10.4	Amendment No. 2 dated as of November 4, 2015 to the Five-Year Credit Agreement, dated as of November 10, 2011, among The Boeing Company, the Lenders party thereto, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. as administrative agent (Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 4, 2015).
10.5	Amendment No. 3 dated as of November 2, 2016 to the Five-Year Credit Agreement, dated as of November 10, 2011, among The Boeing Company, the Lenders party thereto, Citigroup Global Markets Inc. and JPMorgan Chase Bank, N.A. as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. as administrative agent (Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 2, 2016).
10.6	Amendment No. 4 dated as of November 1, 2017 to the Five-Year Credit Agreement, dated as of November 10, 2011, among The Boeing Company, the Lenders party thereto, Citigroup Global Markets Inc. and JPMorgan Chase Bank, N.A. as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. as administrative agent (Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 1, 2017).

Table of Contents

10.7	Amendment No. 5 dated as of October 31, 2018 to the Five-Year Credit Agreement, dated as of November 10, 2011, among The Boeing Company, the Lenders party thereto, Citibank, N.A. and JPMorgan Chase Bank, N.A. as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A. as syndication agent and Citibank, N.A. as administrative agent (Exhibit 10.2 to the Company's Current Report on Form 8-K dated October 29, 2018).
10.8	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).
10.9	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).
10.10	Summary of Nonemployee Director Compensation (Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2018).*
10.11	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).*
10.12	Deferred Compensation Plan for Employees of The Boeing Company, as amended and restated effective January 1, 2019 (Exhibit 10.3 to the Company's Form 10-Q for the quarter ended September 30, 2018).*
10.13	Incentive Compensation Plan for Employees of The Boeing Company and Subsidiaries, as amended and restated effective October 31, 2016 (Exhibit (10)(xi) to the Company's Form 10-K for the year ended December 31, 2016).*
10.14	The Boeing Company Elected Officer Annual Incentive Plan, as amended and restated effective October 31, 2016 (Exhibit (10)(xii) to the Company's Form 10-K for the year ended December 31, 2016).*
10.15	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).*
10.16	Supplemental Pension Agreement between The Boeing Company and J. Michael Luttig dated January 25, 2007, as amended on November 14, 2007 (Exhibit (10)(xxx) to the Company's Form 10-K for the year ended December 31, 2007).*
10.17	The Boeing Company Executive Supplemental Savings Plan, effective January 1, 2019 (Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2018).*
10.18	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).*
10.19	

	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).*
10.20	The Boeing Company 2003 Incentive Stock Plan, as amended and restated effective October 31, 2016 (Exhibit (10)(xix)(a) to the Company's Form 10-K for the year ended December 31, 2016).*
10.21	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).*
10.22	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).*
10.23	Form of Performance Award Notice (Exhibit 10.3 of the Company's 10-Q for the quarter ended March 31, 2018).*

Table of Contents

10.24	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).*
10.25	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).*
10.26	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).*
10.27	Form of Notice of Terms of Restricted Stock Units dated February 23, 2015. (Exhibit (10)(xviii)(i) to the Company's Form 10-K for the year ended December 31, 2015).*
21	List of Company Subsidiaries.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
99.1	Commercial Program Method of Accounting (Exhibit (99)(i) to the Company's Form 10-K for the year ended December 31, 1997).
101.INS	XBRL Instance Document
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

* 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

Table of Contents

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 February 8, 2019.

THE BOEING COMPANY
(Registrant)

By: /s/ Robert E. Verbeck
Robert E. Verbeck – Senior Vice President, Finance and Corporate Controller

Table of Contents

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 February 8, 2019.

/s/ Dennis A. Muilenburg Dennis A. Muilenburg – Chairman, President and Chief Executive Officer (Principal Executive Officer)	/s/ Lynn J. Good Lynn J. Good – Director
/s/ Gregory D. Smith Gregory D. Smith – Chief Financial Officer and Executive Vice President, Enterprise Performance and Strategy (Principal Financial Officer)	/s/ Lawrence W. Kellner Lawrence W. Kellner – Director
/s/ Robert E. Verbeck Robert E. Verbeck – Senior Vice President, Finance and Corporate Controller (Principal Accounting Officer)	/s/ Caroline B. Kennedy Caroline B. Kennedy – Director
/s/ Robert A. Bradway Robert A. Bradway – Director	/s/ Edward M. Liddy Edward M. Liddy – Director
/s/ David L. Calhoun David L. Calhoun – Director	/s/ Susan C. Schwab Susan C. Schwab – Director
/s/ Arthur D. Collins, Jr. Arthur D. Collins, Jr. – Director	/s/ Ronald A. Williams Ronald A. Williams – Director
/s/ Kenneth M. Duberstein Kenneth M. Duberstein – Director	/s/ Mike S. Zafirovski Mike S. Zafirovski – Director
/s/ Edmund P. Giambastiani, Jr. Edmund P. Giambastiani, Jr. – Director	