

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

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

Years ended December 31,	2016	2015	2014
Sales of products	<b>\$84,399</b>	\$85,255	\$80,688
Sales of services	<b>10,172</b>	10,859	10,074
<b>Total revenues</b>	<b>94,571</b>	96,114	90,762
Cost of products	<b>(72,713)</b>	(73,446)	(68,551)
Cost of services	<b>(8,018)</b>	(8,578)	(8,132)
Boeing Capital interest expense	<b>(59)</b>	(64)	(69)
<b>Total costs and expenses</b>	<b>(80,790)</b>	(82,088)	(76,752)
	<b>13,781</b>	14,026	14,010
Income from operating investments, net	<b>303</b>	274	287
General and administrative expense	<b>(3,616)</b>	(3,525)	(3,767)
Research and development expense, net	<b>(4,627)</b>	(3,331)	(3,047)
Loss on dispositions, net	<b>(7)</b>	(1)	(10)
<b>Earnings from operations</b>	<b>5,834</b>	7,443	7,473
Other income/(loss), net	<b>40</b>	(13)	(3)
Interest and debt expense	<b>(306)</b>	(275)	(333)
<b>Earnings before income taxes</b>	<b>5,568</b>	7,155	7,137
Income tax expense	<b>(673)</b>	(1,979)	(1,691)
<b>Net earnings</b>	<b>\$4,895</b>	\$5,176	\$5,446
<b>Basic earnings per share</b>	<b>\$7.70</b>	\$7.52	\$7.47
<b>Diluted earnings per share</b>	<b>\$7.61</b>	\$7.44	\$7.38

See Notes to the Consolidated Financial Statements on pages 55 – 106.

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

(Dollars in millions, except per share data)

December 31,	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$8,801	\$11,302
Short-term and other investments	1,228	750
Accounts receivable, net	8,832	8,713
Current portion of customer financing, net	428	212
Inventories, net of advances and progress billings	43,199	47,257
<b>Total current assets</b>	<b>62,488</b>	<b>68,234</b>
Customer financing, net	3,773	3,358
Property, plant and equipment, net	12,807	12,076
Goodwill	5,324	5,126
Acquired intangible assets, net	2,540	2,657
Deferred income taxes	332	265
Investments	1,317	1,284
Other assets, net of accumulated amortization of \$497 and \$451	1,416	1,408
<b>Total assets</b>	<b>\$89,997</b>	<b>\$94,408</b>
<b>Liabilities and equity</b>		
Accounts payable	\$11,190	\$10,800
Accrued liabilities	14,691	14,014
Advances and billings in excess of related costs	23,869	24,364
Short-term debt and current portion of long-term debt	384	1,234
<b>Total current liabilities</b>	<b>50,134</b>	<b>50,412</b>
Deferred income taxes	1,338	2,392
Accrued retiree health care	5,916	6,616
Accrued pension plan liability, net	19,943	17,783
Other long-term liabilities	2,221	2,078
Long-term debt	9,568	8,730
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	4,762	4,834
Treasury stock, at cost	(36,097)	(29,568)
Retained earnings	40,714	38,756
Accumulated other comprehensive loss	(13,623)	(12,748)
Total shareholders' equity	817	6,335
Noncontrolling interests	60	62
<b>Total equity</b>	<b>877</b>	<b>6,397</b>
<b>Total liabilities and equity</b>	<b>\$89,997</b>	<b>\$94,408</b>

See Notes to the Consolidated Financial Statements on pages 55 – 106.

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

(Dollars in millions)

Years ended December 31,	2016	2015	2014
<b>Cash flows – operating activities:</b>			
Net earnings	\$4,895	\$5,176	\$5,446
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Non-cash items –			
Share-based plans expense	190	189	195
Depreciation and amortization	1,910	1,833	1,906
Investment/asset impairment charges, net	90	167	229
Customer financing valuation benefit	(7)	(5)	(28)
Loss on dispositions, net	7	1	10
Other charges and credits, net	369	364	317
Excess tax benefits from share-based payment arrangements		(157)	(114)
Changes in assets and liabilities –			
Accounts receivable	112	(1,069)	(1,328)
Inventories, net of advances and progress billings	3,755	(1,110)	(4,330)
Accounts payable	622	(238)	1,339
Accrued liabilities	726	2	(1,088)
Advances and billings in excess of related costs	(493)	1,192	3,145
Income taxes receivable, payable and deferred	(810)	477	1,325
Other long-term liabilities	(68)	46	36
Pension and other postretirement plans	153	2,470	1,186
Customer financing, net	(696)	167	578
Other	(256)	(142)	34
<b>Net cash provided by operating activities</b>	<b>10,499</b>	<b>9,363</b>	<b>8,858</b>
<b>Cash flows – investing activities:</b>			
Property, plant and equipment additions	(2,613)	(2,450)	(2,236)
Property, plant and equipment reductions	38	42	34
Acquisitions, net of cash acquired	(297)	(31)	(163)
Contributions to investments	(1,719)	(2,036)	(8,617)
Proceeds from investments	1,209	2,590	13,416
Other	2	39	33
<b>Net cash (used)/provided by investing activities</b>	<b>(3,380)</b>	<b>(1,846)</b>	<b>2,467</b>
<b>Cash flows – financing activities:</b>			
New borrowings	1,325	1,746	962
Debt repayments	(1,359)	(885)	(1,601)
Repayments of distribution rights and other asset financing	(24)		(185)
Stock options exercised	321	399	343
Excess tax benefits from share-based payment arrangements		157	114
Employee taxes on certain share-based payment arrangements	(93)	(96)	(98)
Common shares repurchased	(7,001)	(6,751)	(6,001)
Dividends paid	(2,756)	(2,490)	(2,115)
Other			(12)
<b>Net cash used by financing activities</b>	<b>(9,587)</b>	<b>(7,920)</b>	<b>(8,593)</b>
Effect of exchange rate changes on cash and cash equivalents	(33)	(28)	(87)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,501)</b>	<b>(431)</b>	<b>2,645</b>
Cash and cash equivalents at beginning of year	11,302	11,733	9,088
<b>Cash and cash equivalents at end of year</b>	<b>\$8,801</b>	<b>\$11,302</b>	<b>\$11,733</b>

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