

“We’ve restructured to operate profitably through the downturn while investing in new products and services for our customers. We’re well positioned for the recovery in our business.”

Alan R. Mulally,
President and Chief Executive Officer, Commercial Airplanes



Boeing Commercial Airplanes

We are focused on customer needs and long-term profitable growth.

Today's airlines compete for passengers by providing more frequent, point-to-point service at lower prices. Our strategy leverages innovation, design and production efficiencies, technological leadership and an integrated global team to meet airlines' needs in an ever-changing and growing global market.

We launched an exciting new airplane and other innovative programs, while increasing profitability and improving quality and productivity.

A firm order for 50 game-changing 787 (formerly 7E7) Dreamliners from Japan's ANA (All Nippon Airways) in April marked the largest launch order ever for a new Boeing jet. It validated our market view and confirmed the 787's performance and value. Announced 787 sales and commitments from 16 customers reached 193 in early 2005.

We delivered our first 777-300ER (Extended Range) to Air France through International Lease Finance Corp. and delivered a total of 10 777-300ERs while capturing 28 new orders in 2004. Our 777-300ER satisfies both the airlines' need for improved operating economics and passengers' demand for more nonstop routes.

We continued to expand our popular 777 family by offering a cargo model based on the 777-200LR (Longer Range). The Boeing 777 Freighter will enter service in 2008, fly farther than any other freighter and provide more capacity than any other twin-engine cargo airplane.

We introduced passenger-to-freighter conversion programs for the 747-400 and 767-200, and implemented an integrated materials management service to help customers run their businesses more profitably and absorb excess passenger airplanes in the industry.

Commercial Airplanes also contributed to the Boeing Integrated Defense Systems win of the U.S. Navy's 737 Multi-mission Maritime Aircraft contract. Our efficient manufacturing methods—such as moving production lines and just-in-time delivery systems—were major discriminators in this important win for Boeing.

Net orders increased nearly 14 percent in 2004, reflecting improving market conditions. Also, we delivered as planned 285 commercial airplanes. Based on stronger demand, we will increase production in 2005 to approximately 320 airplanes and to between 375 and 385 in 2006.

The outlook for commercial airplanes remains strong.

During the next 20 years, the 100-seat-plus market will be \$2 trillion for approximately 25,000 new airplanes, with an expected annual growth rate of 5 percent for passenger traffic and 6 percent for freight. We also will continue to explore growth opportunities in our services business and maintain an intense focus on cost and quality improvements.

◀ Using the latest aerospace technologies, including development of a fuselage section made entirely of composites, the lighter, faster 787 Dreamliner will enter service in 2008, offering unmatched fuel efficiency, unsurpassed passenger comfort and more revenue-generating cargo space than any other airplane in its class.