



787  
LINER

▲ The one-piece composite barrel team designed and built tools and software that were used to prove new assembly technologies and processes in November when they joined two barrels of the 787 Dreamliner for the first time. ▶ *Right:* The 777-200LR, the world's longest-range commercial jetliner, set a new nonstop distance record for a commercial airplane by traveling eastbound from Hong Kong to London. ▶ *Far Right:* Our popular 737 surpassed the 6,000th sales mark in December 2005, and the 5,000th 737 was delivered to Southwest Airlines in February.

# Boeing Commercial Airplanes

## **Our continued focus on transforming the business led to a dramatic upsurge in new orders and strong financial results.**

In Commercial Airplanes, we are focused on a three-point transformation strategy: transforming and simplifying our product offerings; transforming and streamlining our production systems; and transforming our customer relationships to ensure that we are responsive to their requirements and deliver innovative solutions tailored to their needs.

We received 1,002 net (1,029 gross) new aircraft orders in 2005, an all-time Boeing record. We launched several new product offerings, including additions to the 737, 747

facility is a world-class model of streamlined, efficient assembly methods. Leveraging that experience, we have begun work in our Everett facility on the “factory of the future,” an initiative to apply our best knowledge and experience with Lean and value stream alignment to our most complex assembly operations. We will set the benchmark even higher with our global partnering arrangements by extending best practices to our suppliers for the 787.

The demand for our products this year validates our view that the commercial airplane market is increasingly relying on efficient airplanes that provide high-frequency, point-to-point service that is profitable for our customers, while giving

demands of the market. We have leaner, more efficient production systems, which we continuously improve with the best ideas from our employees and partners around the world. And we have a reenergized focus on customer relationships, based on listening carefully and responding with solutions that will help them improve their businesses now and in the long term. We will also focus on developing the leaders needed to work together with our customers and suppliers to ensure that we leverage our future investments even more effectively. By doing so, not only will we expand the capabilities of our existing airplanes but we can also increase the efficiency and performance of new developments beyond the 787.

# transforming the business

and 777 airplane families, and we reached significant milestones in the 787 Dreamliner program. We helped our customers run their businesses more profitably by offering alternative uses for older airplanes through new passenger-to-freighter conversion programs. We also responded to our customers’ need for around-the-clock support by opening our first Operations Center, available 24 hours a day, 365 days a year.

Our plan is to use disciplined production increases to reach higher delivery levels over the next two years. A foundation of that disciplined approach is continuous implementation of Lean principles across the organization and improved sourcing throughout the business. Our Renton, Washington,

passengers a better flight experience. Boeing offers airplanes covering the market from 100 to 450 seats, as well as the most complete line of cargo freighters available. Our lighter, more fuel-efficient and more cost-effective airplanes offer the best value in the industry.

## **We have never lost sight of the fact that we are in a long-term business that requires continued profitability and investment to remain competitive, regardless of the economic cycles.**

As a result of our sustained focus on the future, we now have a new, more capable portfolio of products and industry-leading global support services that meet the

