Current Market Outlook

2015

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Vice President, Marketing
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Agenda

Recent market performance, trends
20-year traffic and airplane forecast
Product strategy
Recent market performance
Since 2010

Global economic growth rate below average
Passenger market resilient, growing
Cargo market recovering nicely
Airlines managing better than ever before

NOTE: Annual growth rates (%) and cumulative profit ($B)
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Market trends

Growth driven by emerging economies, LCCs

Market much more diverse, balanced

Continued strong replacement demand

New airplanes, capabilities opening new markets
20-year traffic and airplane forecast
What’s in the Current Market Outlook (CMO)?

Twenty-year traffic and product forecast

All regions of the world
  • 185 airlines / groups
  • 63 traffic flows

All jets 30 seats and above
  • No turbo props
  • No business jets

Freighters

Scheduled and nonscheduled flying
Why the Current Market Outlook (CMO)?

Product strategy

Long-range business plan

Suppliers and airline customers
Boeing forecast accuracy
Fleet consists of all jet aircraft with at least 90 seats

Accurate

Conservative

Under-forecasted single-aisles

Over-forecasted large and regional jets

SOURCES: CMO 1995, CMO 2005, ASCEND
Market forecast drivers and considerations

- Market liberalization
- Airplane capabilities
- Environment
- High speed rail
- Emerging markets
- Airline strategies & business models
- Economic growth
- Fuel price
- Infrastructure

Current Market Outlook 2015-2034
Resilient, growing market expected to continue

5% long-term growth rate

RPKs (trillions)

Above trend since 2010

RPKs = Revenue Passenger Kilometers
SOURCE: ICAO scheduled traffic

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Drivers of air travel demand

**Macroeconomics**
- Trade
- GDP level
- GDP per capita
- Labor force

**Value of service**
- Network structure
- Infrastructure
- Business model
- Regulatory environment

Demand
20-year forecast: strong long-term growth
2014 to 2034

- World economy (GDP): 3.1%
- Number of airline passengers: 4.0%
- Airline traffic (RPK): 4.9%
- Cargo traffic (RTK): 4.7%
Market growth driving increased requirements

- ~6% traffic growth (RPKs)
- +180 million passengers
- +900 more airplanes (passenger)

SOURCE: IATA and BCA Analysis
Air travel growth has been met by increased frequencies and nonstops

Market fragmentation drives growth

SOURCE: August OAG
Index 1994=1.00

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Between 2013 and 2014, nearly all capacity growth was accommodated by frequencies and direct flights.

It's what passengers want, not bigger airplanes.

- Additional frequencies: 78%
- New direct routes: 14%
- Larger airplane size on existing routes: 8%
Airlines will need 38,000 new airplanes valued at $5.6 trillion

Airplane deliveries: 38,050

<table>
<thead>
<tr>
<th>Region</th>
<th>Airplanes</th>
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<tbody>
<tr>
<td>Asia</td>
<td>14,330</td>
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<td>North America</td>
<td>7,890</td>
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<td>Europe</td>
<td>7,310</td>
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<td>Middle East</td>
<td>3,180</td>
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<td>Africa</td>
<td>1,170</td>
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<td>C.I.S.</td>
<td>1,150</td>
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<tr>
<td>World Total</td>
<td>38,050</td>
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Region Airplanes

2015 - 2034

<table>
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<tr>
<th>Region</th>
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<tbody>
<tr>
<td>Regional jets</td>
<td>2,490</td>
</tr>
<tr>
<td>Single-aisle</td>
<td>26,730</td>
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<tr>
<td>Small wide-body</td>
<td>4,770</td>
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<tr>
<td>Medium wide-body</td>
<td>3,520</td>
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<tr>
<td>Large wide-body</td>
<td>540</td>
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Airlines will need 38,000 new airplanes valued at $5.6 trillion

Airplane deliveries: $5.6 trillion

New airplane values by region

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<tr>
<td>Asia</td>
<td>$2,200B</td>
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<tr>
<td>World Total</td>
<td>$5,570B</td>
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Global fleet will double

Units

2014 2034

21,600

21,960 Growth 58%

16,090 Replacement 42%

5,510 Retained fleet

43,560

38,050

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Airplane retirements have nearly tripled since 2000
Western jets retired with >90 seats, excluding hull losses

SOURCE: Flight Global Ascend
Fleet composition will change

2014
- Regional jet: 11%
- Single-aisle: 65%
- Small wide-body: 8%
- Medium wide-body: 3%
- Large wide-body: 12%

Total: 21,600 airplanes

2034
- Regional jet: 9%
- Single-aisle: 70%
- Small wide-body: 6%
- Medium wide-body: 2%
- Large wide-body: 13%

Total: 43,560 airplanes
Air cargo market recovery underway
Year-over-year RTK growth

SOURCE: IATA Carrier Tracker (industry international scheduled freight) and A4A US domestic cargo traffic

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Future freighter deliveries will be led by demand for large widebodies

New freighter deliveries: 920

2015–2034

Airplane units

- Large (>80 tonnes): 650
- Medium (40-80 tonnes): 270
- Standard (<45 tonnes): 0

Market value: $290 billion

2015–2034

Market value

- Large (>80 tonnes): $230B
- Medium (40-80 tonnes): $60B
- Standard (<45 tonnes): $0B
New freighter demand -- 920 new, 1,420 converted
Product strategy
Boeing product line-up
Superior value, efficient market coverage

<table>
<thead>
<tr>
<th>Current Boeing</th>
<th>Future Boeing</th>
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<tbody>
<tr>
<td>Seats</td>
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<tr>
<td>500</td>
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- 747-8
- 777-300ER
- 777-200ER
- 787-9
- 787-8
- 767-300ER
- 737-900ER
- 737-800
- 737-700
- 747-8
- 777-9X
- 777-8X
- 787-10
- 787-9
- 787-8
- 737 MAX 200
- 737 MAX 9
- 737 MAX 8
- 737 MAX 7

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Substantial, balanced backlog validates Boeing’s product strategy
Backlog by value ($B)

Backlog = 5,715 aircraft
Value = $435 billion

Model
- Single-Aisle: 45%
- Twin-Aisle: 54%
- Large: 1%

Region
- North America
- Europe & Russia
- China, East & SE Asia
- Asia Pacific
- ME, Central & S. Asia
- Leasing, Gov’t & BBJ
- L. America & Africa

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Strong, growing market being driven by expansion
Single-aisle fuelling forecast
Boeing product strategy is right for today and the future
For more information, please visit our CMO website:

http://www.boeing.com/cmo