Current Market Outlook 2015

Randy Tinseth
Vice President, Marketing

June 2015

.
The statements contained herein are based on good faith assumptions are to be used for general information purposes only. These statements do not constitute an offer, promise, warranty or guarantee of performance.

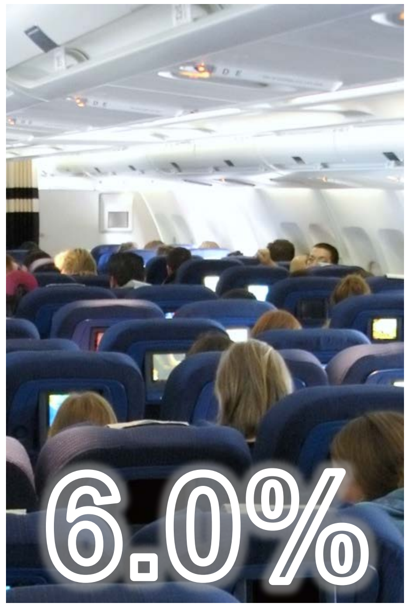
Agenda

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

Recent market performance

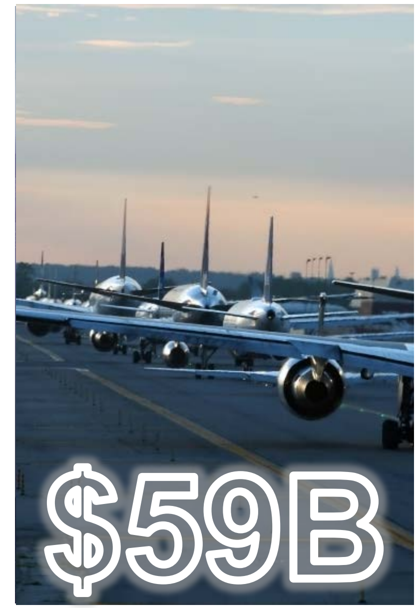
Since 2010

Global economic growth rate below average



Passenger market resilient, growing

Cargo market recovering nicely

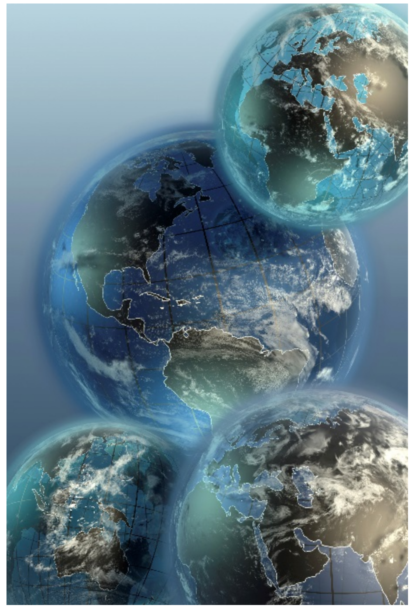


Airlines managing better than ever before

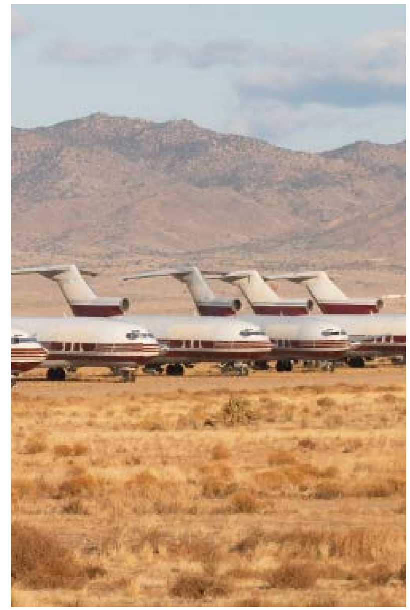
NOTE: Annual growth rates (%) and cumulative profit ($B)

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

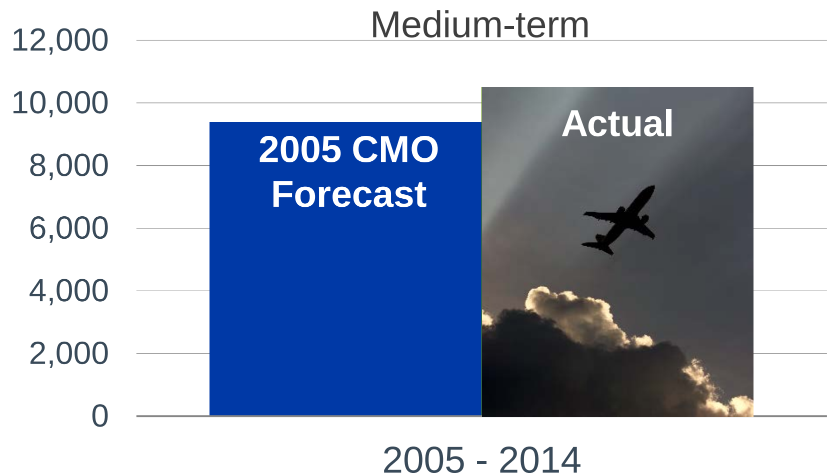
Fleet consists of all jet aircraft with at least 90 seats

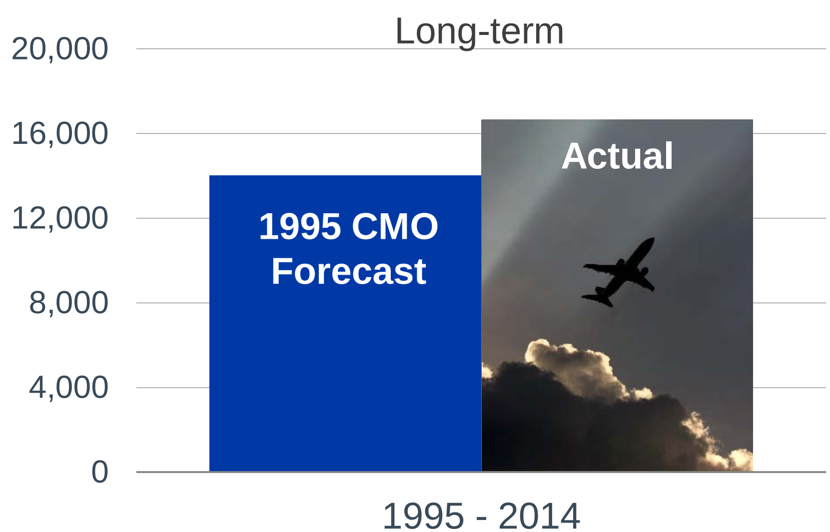
Accurate

Conservative

Under-forecasted single-aisles

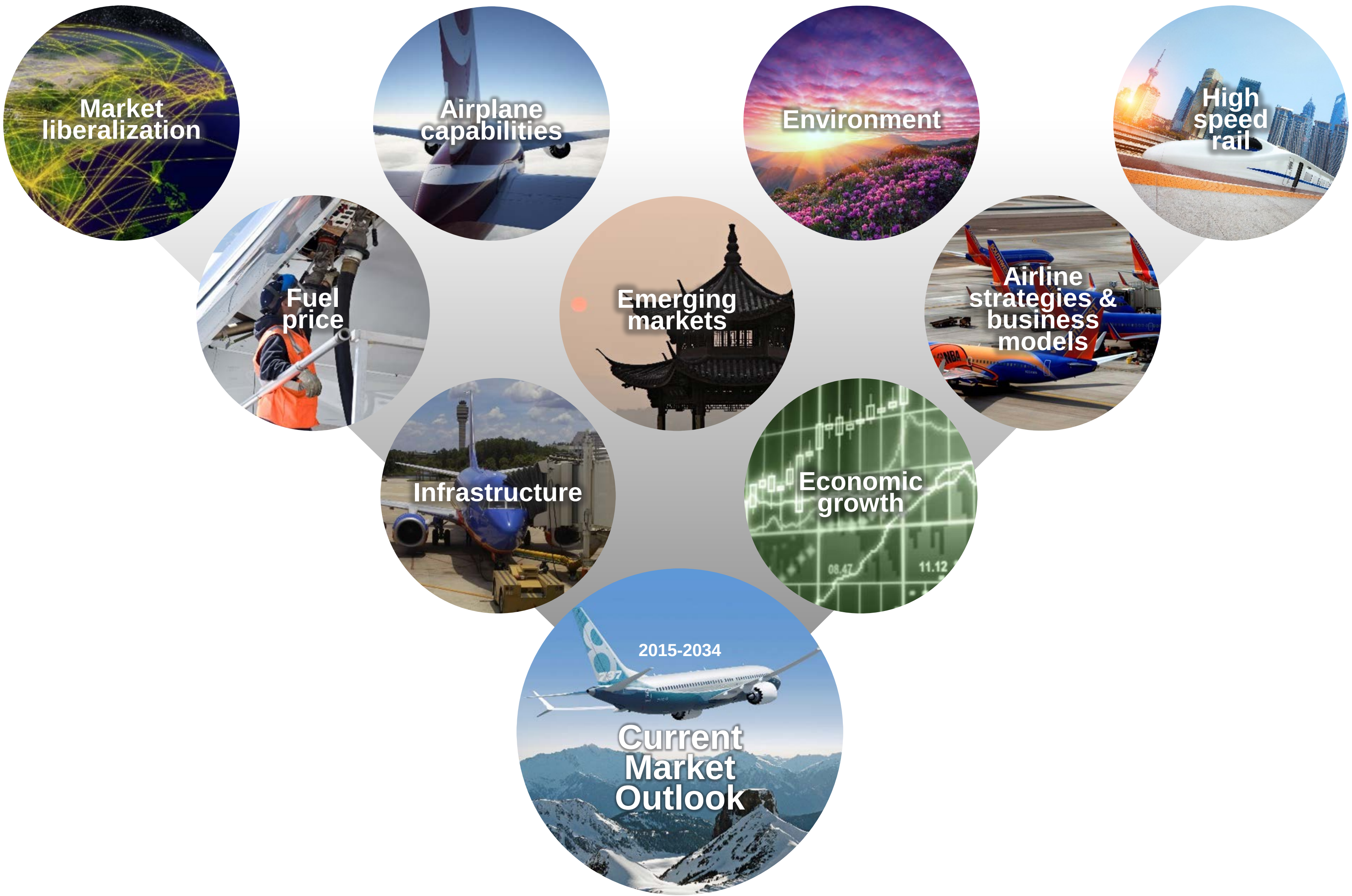
Over-forecasted large and regional jets





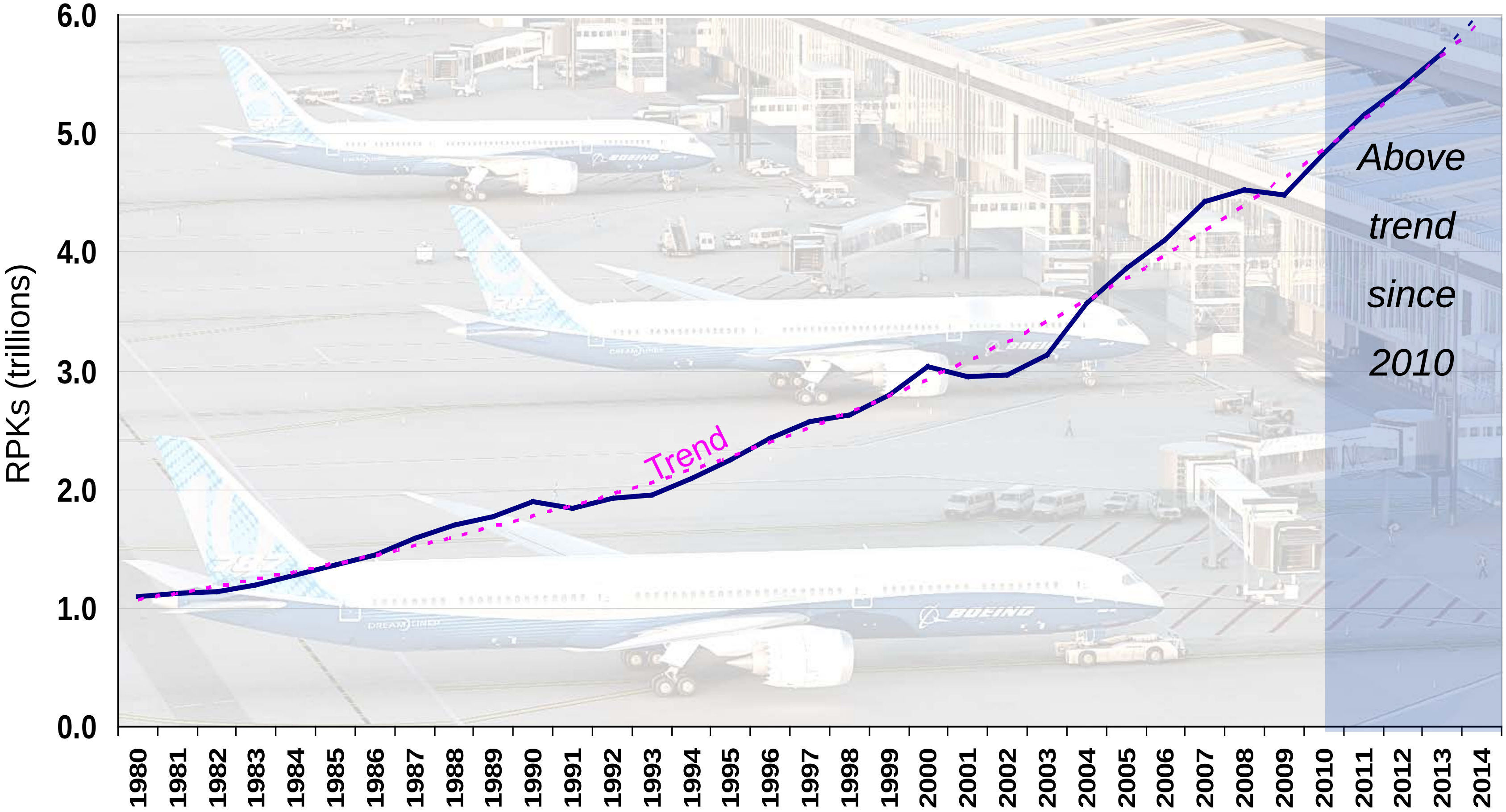
SOURCES: CMO 1995, CMO 2005, ASCEND

Market forecast drivers and considerations



Resilient, growing market expected to continue

5% long-term growth rate



RPKs = Revenue Passenger Kilometers
SOURCE: ICAO scheduled traffic

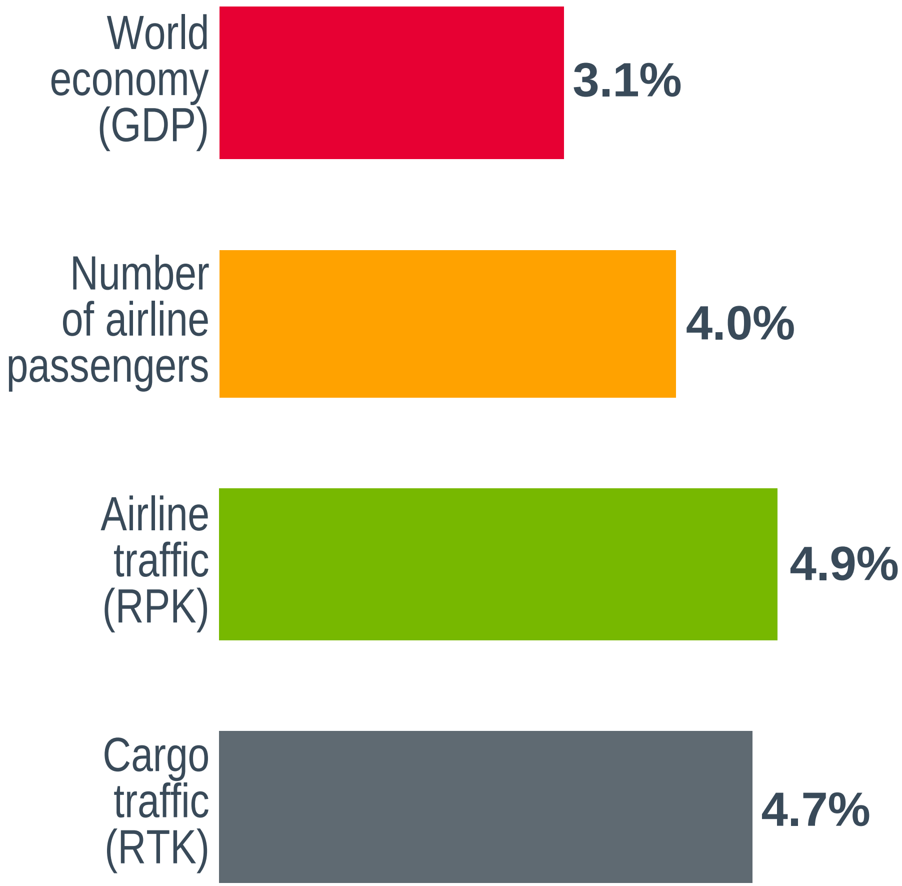
Drivers of air travel demand

Trade
GDP level
GDP per capita
Labor force

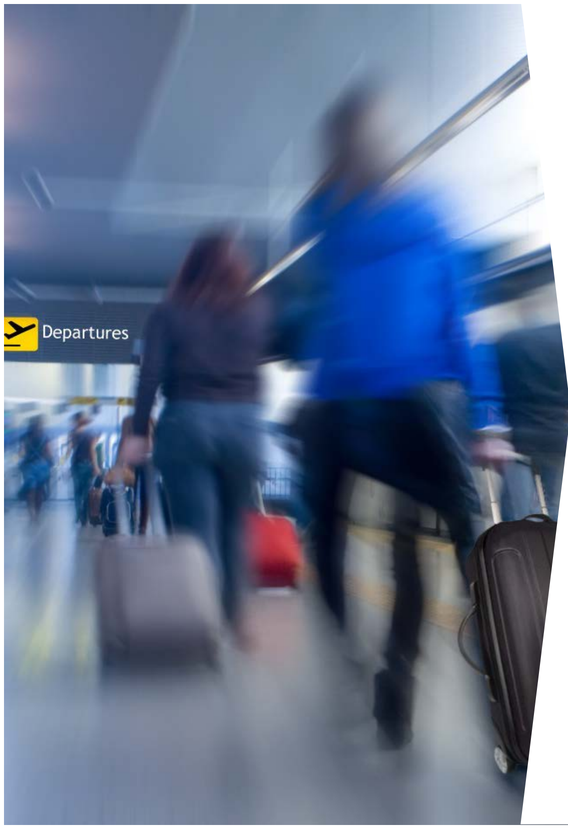
Network structure
Infrastructure
Business model
Regulatory environment

20-year forecast: strong long-term growth

2014 to 2034



Market growth driving increased requirements



~6% traffic growth (RPKs)

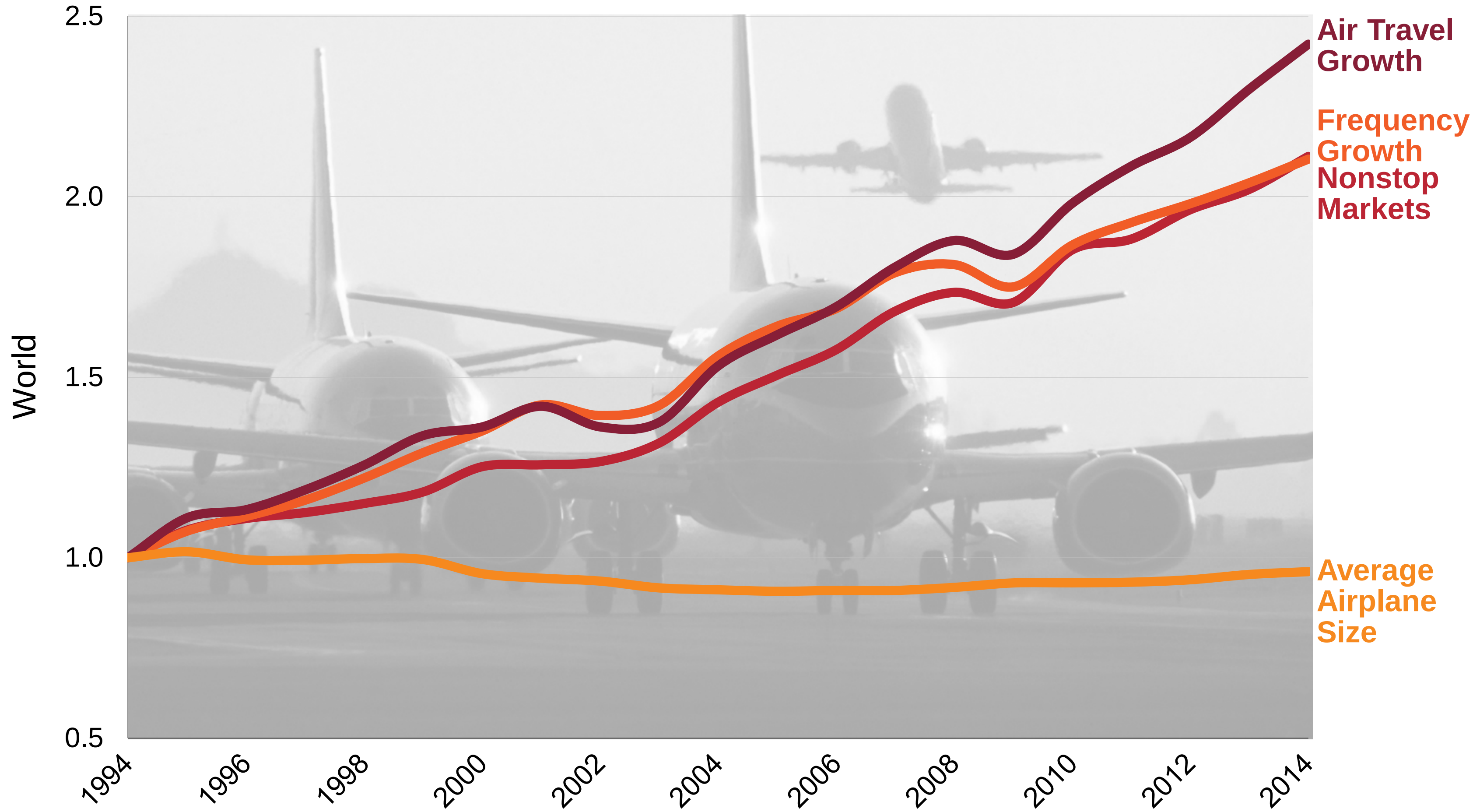
+180 million passengers

+900 more airplanes (passenger)

SOURCE: IATA and BCA Analysis

Air travel growth has been met by increased frequencies and nonstops

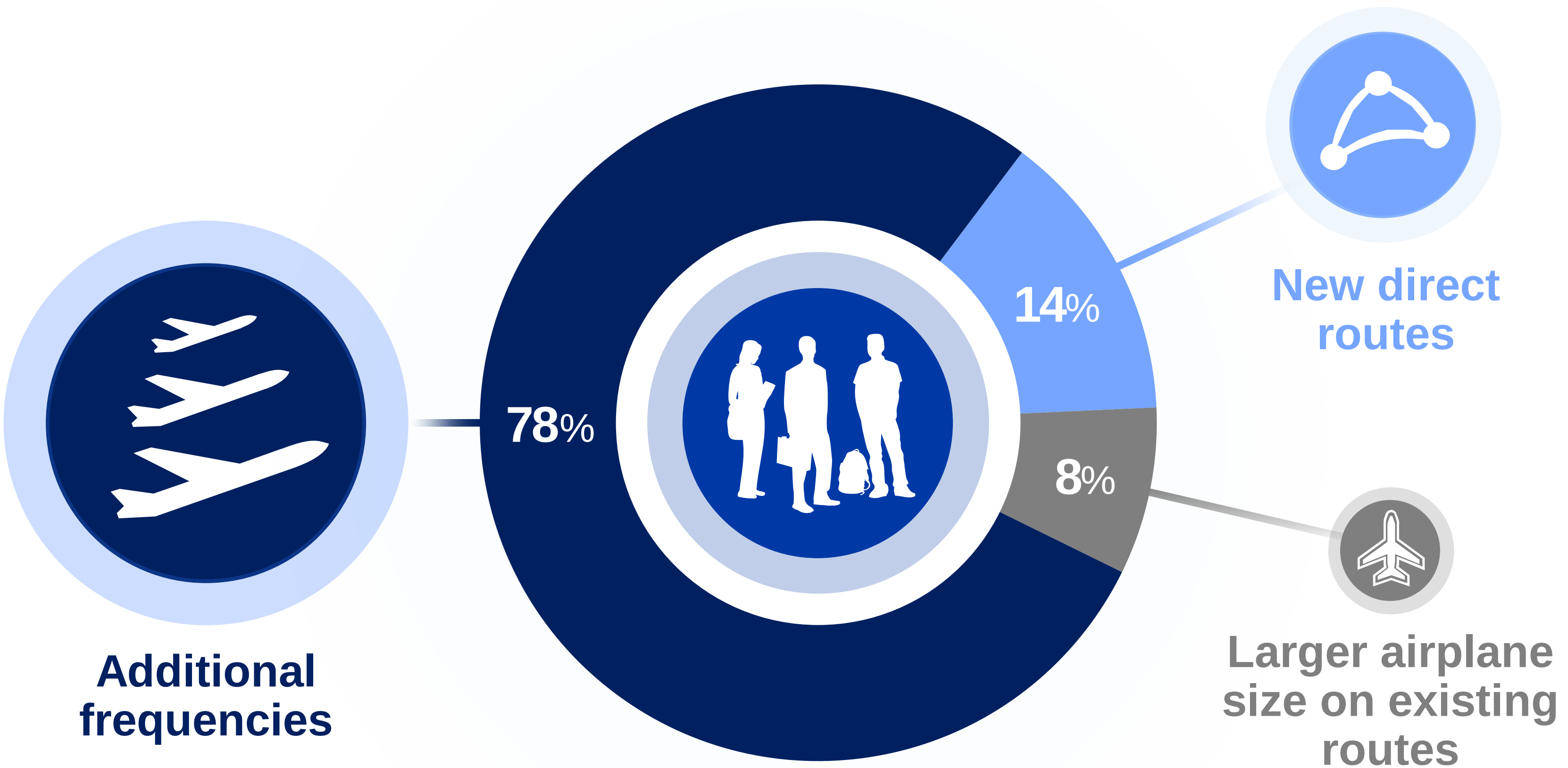
Market fragmentation drives growth



SOURCE: August OAG
Index 1994=1.00

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

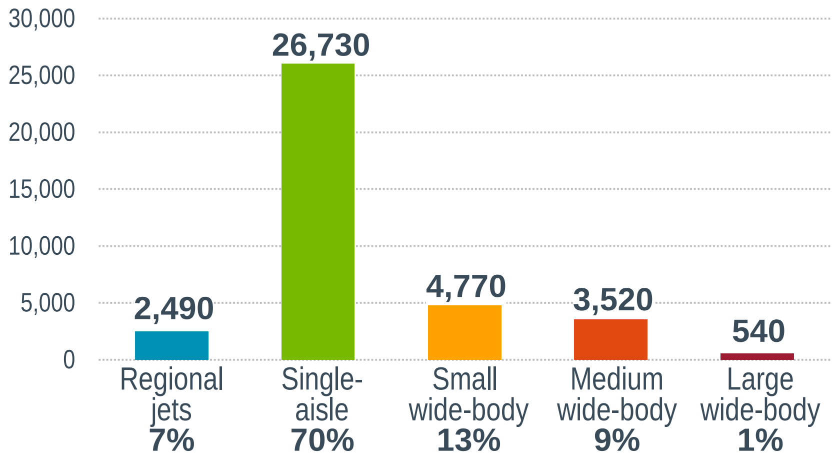
It's what passengers want, not bigger airplanes



Airlines will need 38,000 new airplanes valued at $5.6 trillion

Airplane deliveries: 38,050

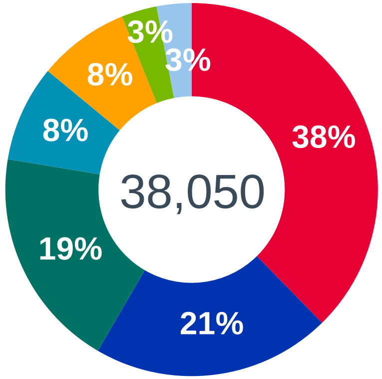
2015 - 2034



New airplane deliveries by region

2015 - 2034

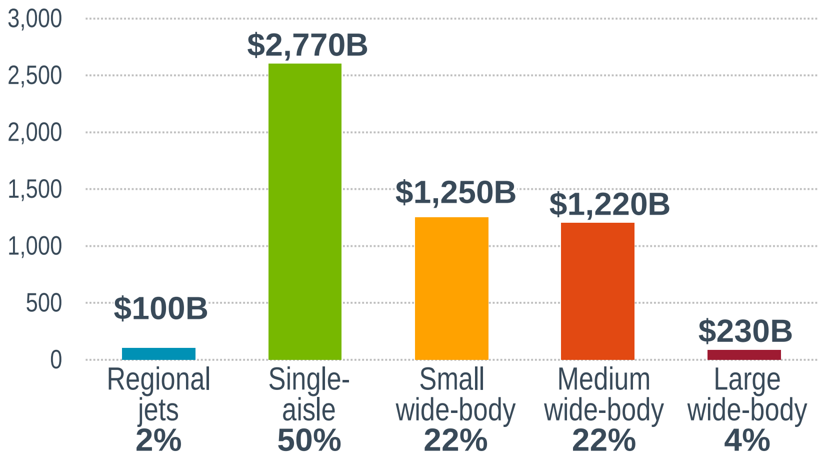
Region	Airplanes
Asia	**14,330**
North America	**7,890**
Europe	**7,310**
Middle East	**3,180**
Latin America	**3,020**
Africa	**1,170**
C.I.S.	**1,150**
World Total	**38,050**



Airlines will need 38,000 new airplanes valued at $5.6 trillion

Airplane deliveries: $5.6 trillion

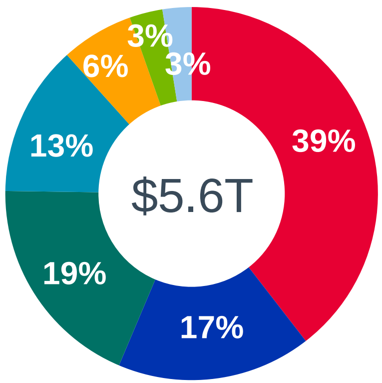
2015 - 2034



New airplane values by region

2015 - 2034

Region	Airplanes
Asia	**$2,200B**
North America	**$940B**
Europe	**$1,050B**
Middle East	**$730B**
Latin America	**$350B**
Africa	**$160B**
C.I.S.	**$140B**
World Total	**$5,570B**

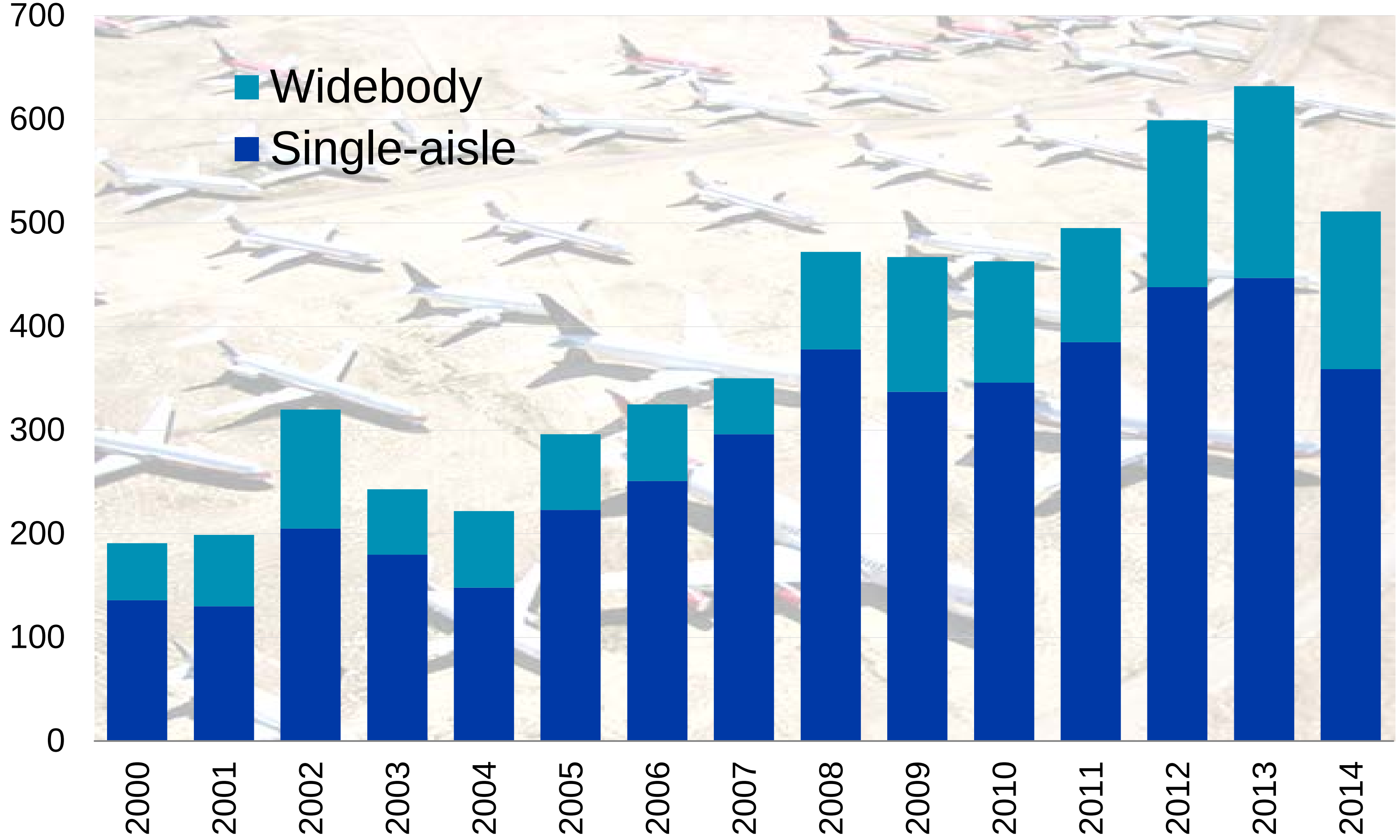


Global fleet will double

Units

Airplane retirements have nearly tripled since 2000

Western jets retired with >90 seats, excluding hull losses



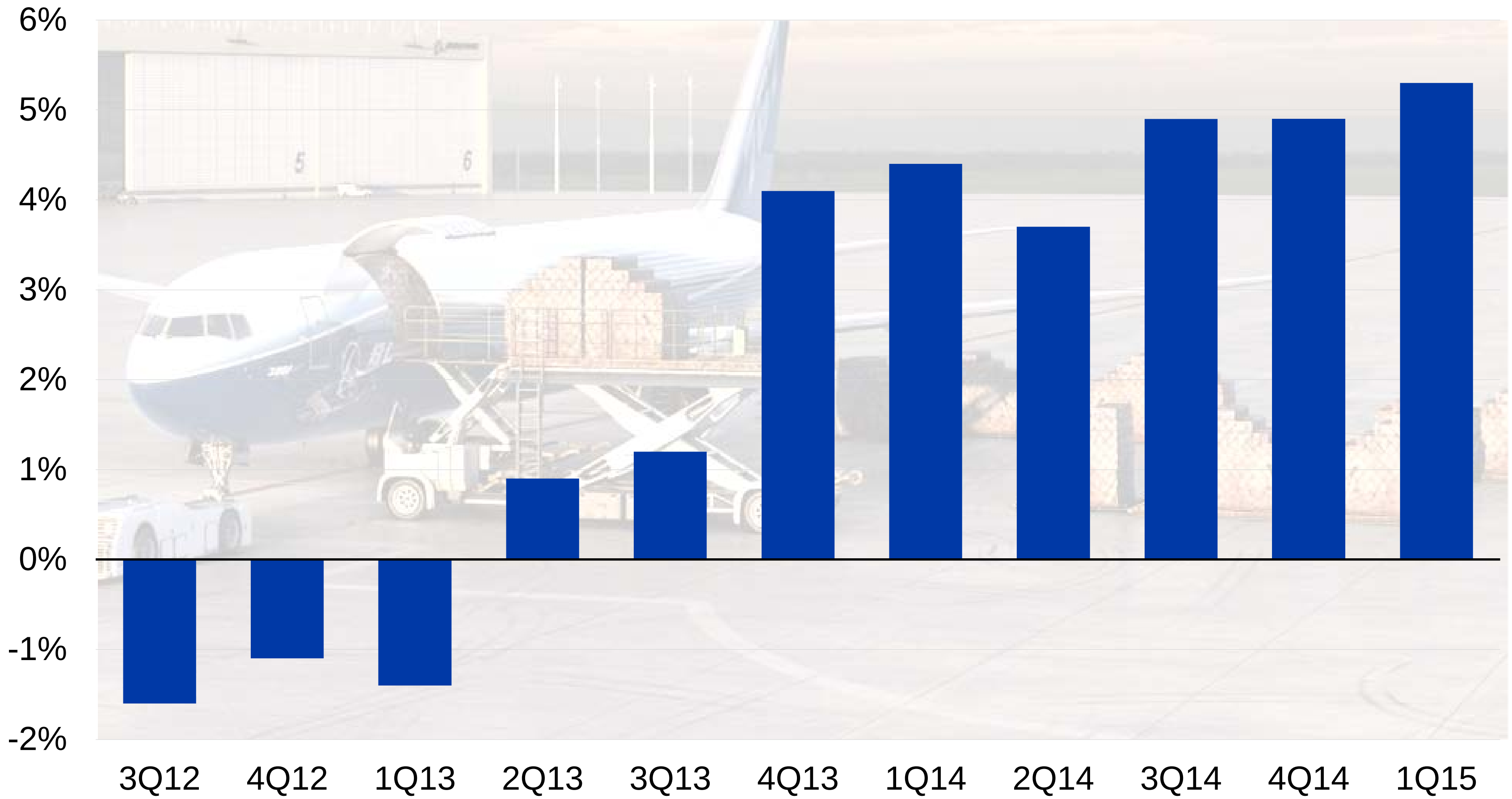
SOURCE: Flight Global Ascend

Fleet composition will change

SOURCE: Ascend & Boeing CMO

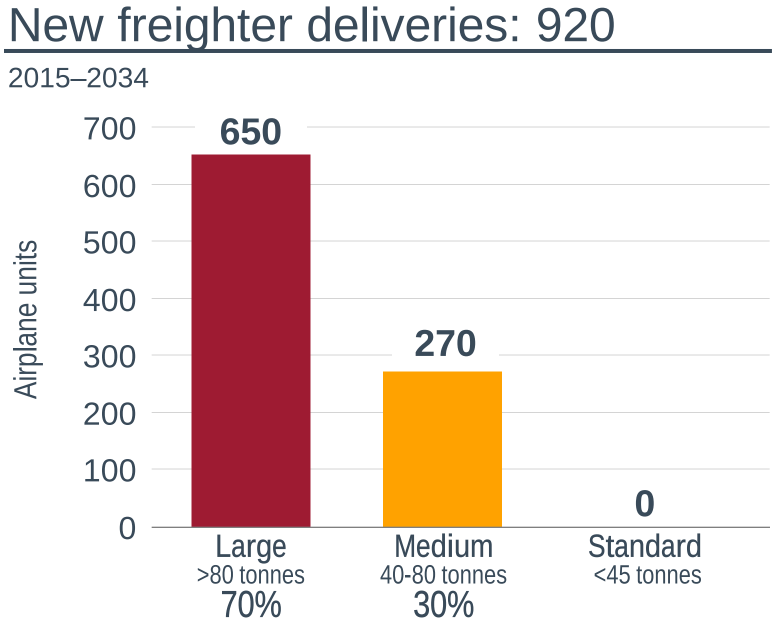
Air cargo market recovery underway

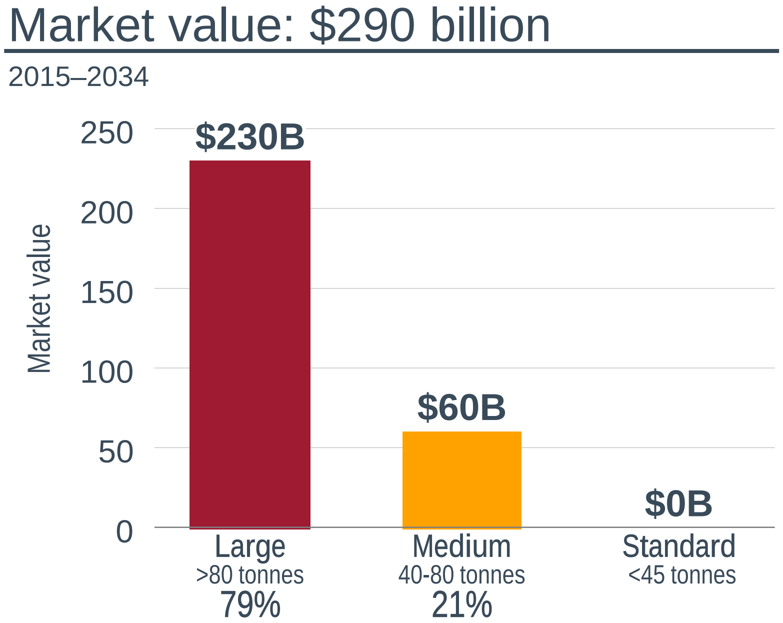
Year-over-year RTK growth



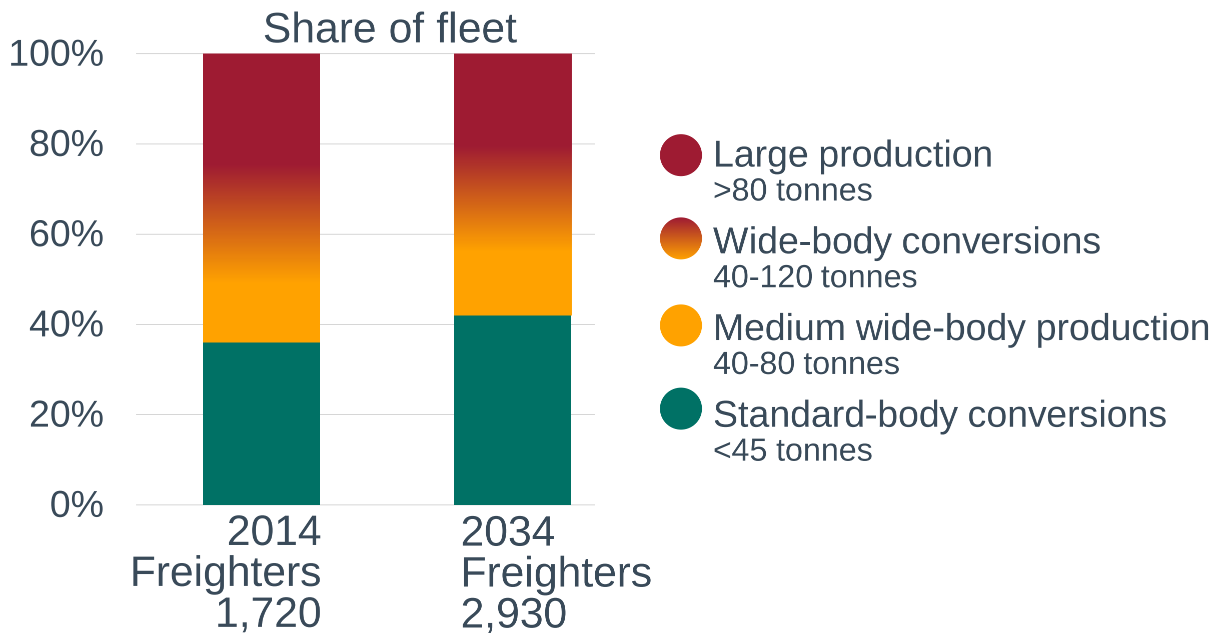
SOURCE: IATA Carrier Tracker (industry international scheduled freight) and A4A US domestic cargo traffic

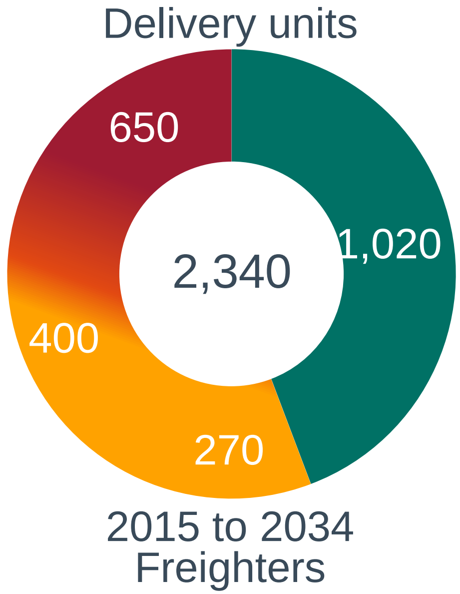
Future freighter deliveries will be led by demand for large widebodies





New freighter demand -- 920 new, 1,420 converted

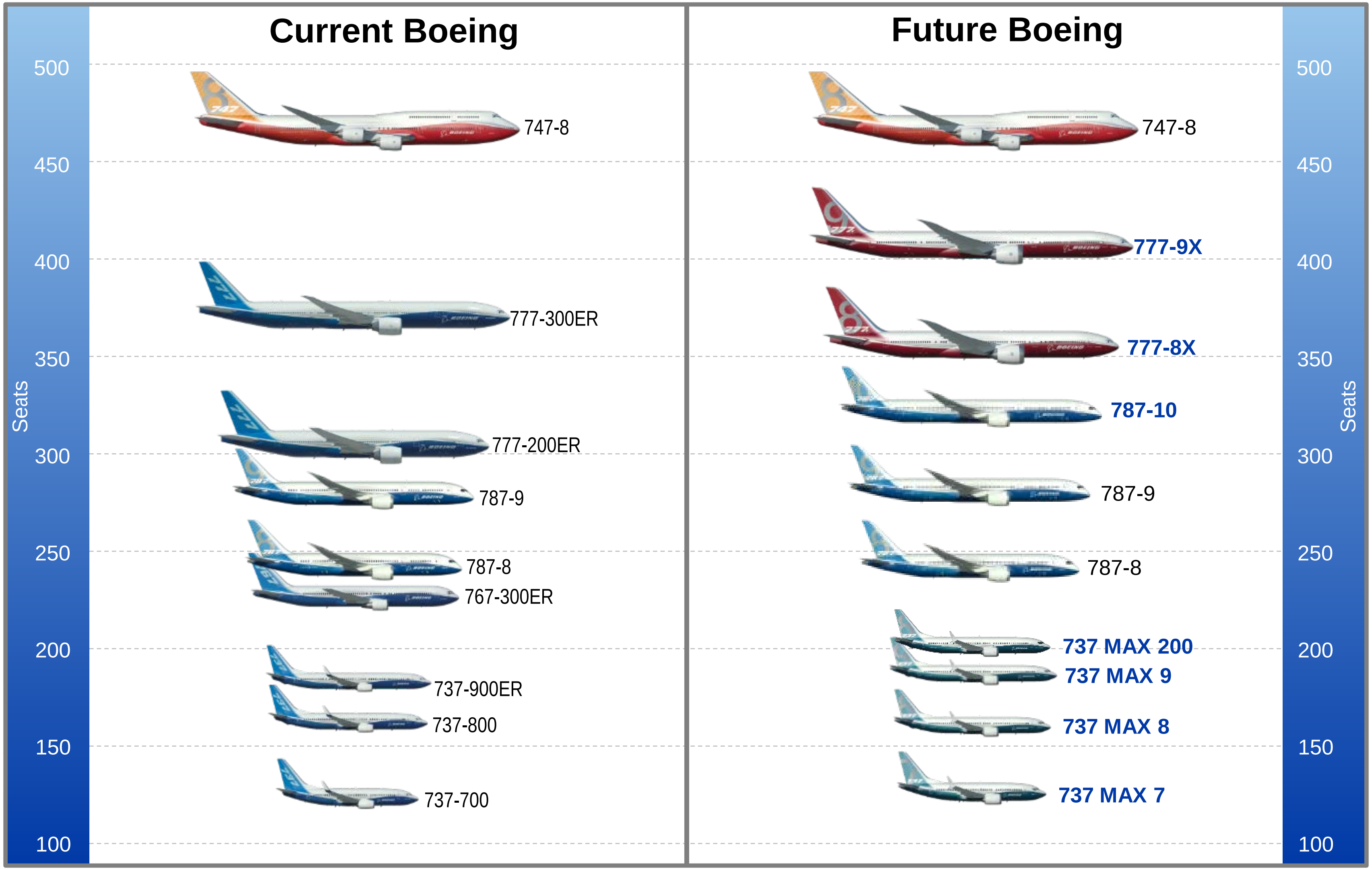




Product strategy

Boeing product line-up

Superior value, efficient market coverage

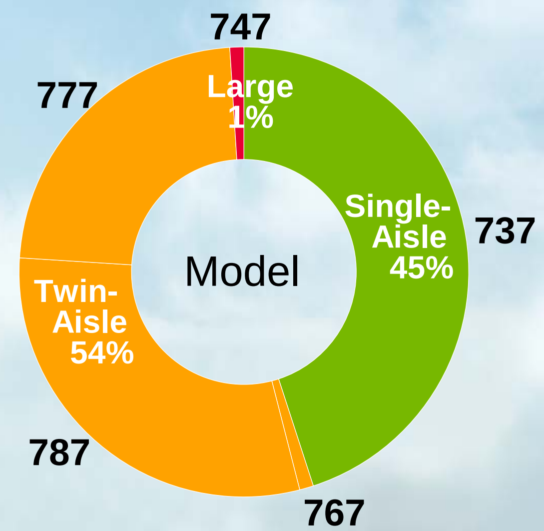


Substantial, balanced backlog validates Boeing's product strategy

Backlog by value ($B)

Backlog = 5,715 aircraft

Value = $435 billion



Things to **remember**

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