



Our Business, Our Future

[name]

[title]

Commercial Airplanes [dept]

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Sharing and learning about our business

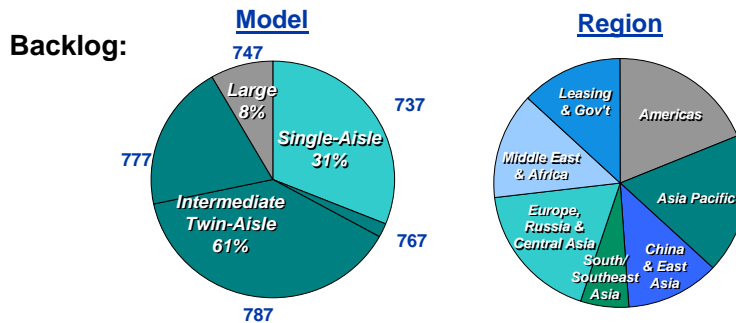
Employees have consistently told us through the Boeing opinion survey that they want to hear more about our business from their managers. So, I'd like to start a conversation today about the impact we have on the overall health of Commercial Airplanes, and how the actions we take here in our organization can help us build and sustain success.

As a start, I'd like to share some information about the bigger picture of the Boeing Commercial Airplanes business environment.

Then I'd like to tie that to our work here, and how we contribute to Boeing's growth and productivity. We benefit from supporting growth and productivity because over the long term, it helps create more stability in our workplace and helps us continue to compete for business.

Business Environment

- Record performance (revenues, earnings, orders and backlog)
- Production rates and deliveries
- Unprecedented level of product development



Productivity gains are the basis of our business plan

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We've had three years of unprecedented performance:

- In 2007, BCA booked 1,413 net airplane orders – we surpassed the 1,000 mark for the 3rd year in a row.
- Product development examples: 787, P-8A Poseidon, 777 Freighter, 747-8 Freighter and Intercontinental, CAS conversions, AEW&C and F22.

Our large, well-diversified backlog from established customers helps insulate us from economic downturns in regions around the world:

- Our backlog of unfilled orders now exceeds 3,400 airplanes valued at \$255B.
- Our backlog is well-distributed geographically and by product:
 - The U.S. market has been the dominant player since 1968; today, the Americas (North America, Central America and South America) represent about 22 percent of our backlog, and the U.S. market itself about 11 percent. This is dramatically different than any cycle we've ever been in before.

Meeting the Challenge

- To continue this success, our challenge is to—
 - Deliver on customer commitments and increase production
 - Apply continuous improvements to our processes to achieve productivity gains; our airplanes have been priced based upon this assumption

If we successfully execute our plan, we can enjoy a rewarding future that will benefit all of us.

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To continue this success, we have both short-term and long-term challenges—

- In the short run, we must (1) deliver on customer promises for product development and (2) increase production to meet delivery commitments.
- In the long run, we must apply continuous improvement in our processes to achieve productivity gains year after year; our airplanes have been priced based upon this assumption.

If we successfully execute our plan, we can enjoy a rewarding future that will benefit all of us.

Our Plan for 2008

- Our business goals and objectives (e.g., include productivity, cost and quality targets)
- Contributing to our success (e.g., recent examples of how employees are enabling productivity and growth; sharing with and learning from each other, etc.)

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Manager Notes:

- *Review your organization's 2008 goals and objectives. Ask: "What does success look like?"*
- *Point out which goals and objectives directly affect Commercial Airplanes growth or productivity. Give an example of how employees are supporting growth and productivity from bullets under "Contributing to our Success." Ask for other examples; what are the challenges; what suggestions or ideas do you have?*
- *View examples at back of this briefing (737 Engineering or BCA Mfg)*

Boeing defines "Growth" and "Productivity" as:

- **Growth** comes from meeting customer needs better than our competitors do. (If we let our customers down, they'll question whether or not they can count on us in the future.)
 - BCA Examples: deliver a quality airplane on time, first-time quality (no defects), provide excellent service and support, execute our development programs (787, P-8A Poseidon, 777F, 747-8).
- **Productivity** helps drive our competitiveness by lowering costs, increasing quality and freeing up resources to invest in new products and services. This is achieved by continuously improving our processes, cycle time, quality and costs. (If we cannot meet our productivity targets, we will be less competitive in the future and we'll have fewer funds to invest in future products and services.)
 - BCA Examples: 777 moving line, 737 wing line, Online Work Instructions, Flight Test Operations Center, managing our supply chain, and efficiently producing through the market cycles.

Questions or Comments?

