

Boeing Chairman Views 1999 as a Year Full of Outstanding Achievements and Significant Growth

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Boeing Chairman and CEO Phil Condit today praised the contribution of every Boeing employee in making 1999 a growth year for The Boeing Company.

"Every Boeing employee played a vital role in making 1999 a truly memorable year," Condit said. "When I look across the landscape of The Boeing Company, I see dozens of outstanding successes that show this company has one of the strongest business bases of any company in the world," he added.

"Everywhere I turn, I find evidence of our achievements and progress. The events of December alone have been nothing short of remarkable."

"Last week, we announced commercial airplane orders of approximately \$12 billion and delivered our 595th jetliner, indicating our goal of about 620 deliveries is attainable by year-end," Condit said. "Additionally, last week in a surprise move, we unveiled both of our Joint Strike Fighter concept demonstrators, the X-32A and X-32B. This is a high-technology program that is redefining how to design, build, assemble and test future aircraft. We are on budget, under weight and ahead of target in this key effort.

"And the week before our employees rolled out the first 747-400 Airborne Laser flying platform and on Dec. 9, we honored the last of the classic 737s -- the 3,132nd of the older generation 737s to be built," he said.

Condit said 1999 was the year the company made its mark in providing new services to commercial and military customers -- market segments having unlimited potential. He cited the expansion of the company's airplane and commercial leasing business and the launch of its Boeing Airplane Services unit, which provides post delivery modification and engineering services for commercial airplane customers. Boeing also initiated industry-leading customer service innovations, such as a global network to manage an airline's supply chain of expendable airframe parts, a Rapid Response Center and a "Gold Card" customer support program for Boeing Business Jet owners. Condit also noted the opening of a military jet fighter modification center in Florida while rapidly filling to capacity of a similar center in San Antonio for large military aircraft, such as the C-17 and KC-135. The company also announced the first-ever conversion, leasing and maintenance "total solutions" program with a commercial airplane customer.

"In the space arena, we've had strong commercial interest in our new Delta IV family of launch vehicles and we also won a significant majority of the first USAF orders for this new system," Condit said. "One of our key company wins for the year was a contract from the National Reconnaissance Office to design the space imaging architecture for the future.

We will continue to grow this company by developing customer-focused solutions, just as we did this year, Condit said.

"Of course we faced challenges this year -- several during the last quarter. But once again, in each case, Boeing people responded in an amazing manner, he said.

I have no doubt the people of this company are doing the right things in the right ways. We are focused on our customers and dedicated to bringing them new solutions. We are absolutely dedicated to safety and quality. We have the right team in place. We are going after the right markets. We are tracking our progress with the right metrics. Evidence of this is that in every instance we are achieving what we set out to do, Condit stated.

Commercial Airplanes Highlights

New delivery record -- Commercial Airplanes ends the 20th century with the expected delivery of about 620 jetliners -- a new world record for commercial airplane deliveries by a single company in a year. Boeing commercial jetliners this year will account for about two-thirds of all new airplanes of 100 or more seats added to the world fleet.

Commercial Aviation Services -- Under a new total solutions program, Boeing entered into a contract to convert, lease and maintain 44 Boeing 757 Special Freighters for cargo carrier DHL Worldwide Express.

717 -- The new Boeing 717 twinjet received joint FAA/JAA certification, followed by first deliveries to launch customer AirTran Airways and then rapid introduction into revenue service.

Next-Generation 737 -- A new production record was set for a single commercial model as Next-Generation 737s are built at a rate of 24 airplanes per month. Boeing has rolled out an unprecedented 400 Next-Generation 737s in less than three years -- an industry record.

747 -- In November, the U.S. Postal Service honored the 747 with its own postage stamp, joining the Wright Brothers first flight and Charles Lindbergh's solo Atlantic flight as the 20th century's most important aviation achievements.

757 -- The Federal Aviation Administration and the Joint Aviation Authorities of Europe certified the higher-capacity Boeing 757-300. Two months later, Condor Flugdienst flew the first 757-300 home to Germany.

767-400ER -- The first new jetliner to enter service in the 21st century -- rolled out of the factory in August and made its first flight in October.

777 -- Deliveries surpassed 250 during 1999, just four years after entering passenger service. Results of a multi-airline survey revealed that 75 percent of passengers who fly both the 777 and competing products prefer the 777.

Boeing Business Jet -- The success of the Boeing Business Jet -- with 56 announced orders already -- led to the launch of the BBJ 2, an even roomier version that will be based on the 737-800. The year also marked the first deliveries of completely furnished BBJs.

Military Aircraft & Missiles Highlights

Joint Strike Fighter -- Fully-assembled X-32A and X-32B concept demonstrators were unveiled, following a successful year in which final assembly began ahead of schedule. The high-technology program remains on budget.

Modification Center -- The fast-growing aerospace support business opened a modification center at Cecil Field, Jacksonville, Fla. During the year, Boeing won KC-10, C-17, T-45 and Joint Stars aircrew training system contracts, among others.

Multiyear Procurements -- The U.S. government approved cost-saving multiyear procurements for the F/A-18E/F Super Hornet and the AH-64D Apache Longbow. It also approved authority for the U.S. Air Force to extend the C-17 Globemaster III multiyear procurement contract.

Rotorcraft Orders -- Singapore ordered eight AH-64D Apaches. Also during the year, Greece ordered seven CH-47 Chinooks and Taiwan expressed interest in three of the tandem-rotors. The U.K. received its first WAH-64 Apache Longbow.

Super Hornet -- The first Super Hornets arrived at Naval Air Station Lemoore, Calif., to become part of the initial F/A-18E/F Navy squadron. This followed successful sea trials and a flight-test operational evaluation, both completed in 1999.

Space & Communications Highlights

Space imaging -- Boeing gained a leadership position in the area of space imaging with the Future Imagery Architecture contract from the National Reconnaissance Office. The program will enhance America's critical intelligence capability.

Delta II -- The Delta II program set a record by deploying 17 satellites in a 68-day period. Overall, a total of 10 launches for commercial and government customers were conducted during the year.

Delta IV -- The mammoth plant for the new Delta IV family of rockets, under construction in Decatur, Ala., is on schedule to be finished by the end of this year.

Sea Launch -- In October, Sea Launch was successful in the first commercial launch from a floating platform in the Pacific Ocean in October. The payload was a DIRECTV communications satellite.

Wedgetail -- In July, Boeing scored a big contract win worth at least \$1 billion to manage Australia's Project Wedgetail, an airborne early warning and control system using Boeing 737s.

NMD -- The National Missile Defense program successfully completed the first planned intercept test of an intercontinental ballistic missile target in October.

Phantom Works Highlights

UCAV system -- In March, the Defense Advanced Projects Research Agency and the U.S. Air Force selected Phantom Works to develop and demonstrate an Unmanned Combat Air Vehicle (UCAV) system.

Composite Horizontal Stabilizer -- A new, low cost, all-composite horizontal stabilizer was transitioned into the C-17 production line last summer, beginning with the 51st production aircraft.

X-37 Space Plane -- NASA and Phantom Works entered into agreement in June to develop the X-37 space plane

as a test bed for new, reusable launch vehicle technologies.

Friction Stir Welding -- This new process developed by Phantom Works as a better, faster, cheaper way for joining metal structures was incorporated into the production of the propellant tanks of a Delta II launched in August.

Other Highlights

Managing for Value -- In July, Boeing rolled out its plan for giving employees the tools needed to make business decisions to help improve the company's financial performance while positioning Boeing to take advantage of growth opportunities in the aerospace industry.

IAM Contract -- A three-year agreement was ratified in September by 44,000 hourly employees in Washington, Oregon and Wichita, Kan. represented by the International Association of Machinists. -- This was the most notable of 36 labor contracts negotiated during the year.

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