

### Boeing Takes on Production Challenges

As a result of increased airplane orders, The Boeing Company is aggressively planning to address the challenges of meeting an extremely demanding production schedule. Boeing airplane production is experiencing rate increases in a fast-paced market that is demanding it increase rates twice as rapidly as in comparable periods in the past. This overwhelming success, however, is taxing the industry's capacity.

"Our customers have made the decision to buy our high-quality aircraft in record numbers," said Ron Woodard, Boeing Commercial Airplane Group president. "Our challenge is to deliver these airplanes on schedule as promised."

Boeing has analyzed all options and developed a strategic plan to minimize the impact to its schedule of committed deliveries. Part of that plan includes temporarily assigning some employees from the 767 production line to work on the 747 line. Both lines are collocated in the Boeing Everett facility. In addition to temporarily assigning employees, the company also is exploring options that would permit it to bring in additional resources, implementing new manufacturing and business processes, providing additional training, adjusting internal work schedules, and other options that will help streamline production, eliminate waste and cut costs.

"With success comes challenges," said Bob Dryden, executive vice president of airplane production for Boeing Commercial Airplane Group. "These challenges facing our production efforts are not attributable to any one factor, but are a combination of interrelated issues that cross all production lines and division boundaries. Our employees and our suppliers have been working extremely hard to meet these increased rates and tough schedules and we are very proud of them. During our 80 plus years in the aviation business, Boeing has faced many similar situations and we remain confident that we will successfully meet this one, too."

The plan is designed to minimize Boeing delivery impacts, and bring the 747/767 factory back to full health.

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