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Boeing Commercial Airplane Group (BCAG) today announced production rates on its airplane models for 1999. These rates will result in production of 51 airplanes per month by the first quarter of next year, followed by 50.5 airplanes per month by the second quarter and 48.5 airplanes per month by the fourth quarter.

Today's BCAG production rate is 47 airplanes per month.

"The future of the commercial airplane market continues to look promising," said Fred Mitchell, BCAG executive vice president of Airplane Production. "We are experiencing unprecedented market demand for some models, the Next-Generation 737 in particular."

"However, during the past few months we have been watching the production rates of our widebody aircraft -- particularly the 747 -- very closely to make sure we match near-term production to market demand," Mitchell said. "The continued slow traffic growth in Asia has caused some airlines to negotiate slides in deliveries of their 1999 747 orders or to substitute other Boeing airplane models for their existing 747 orders. This means we have to reduce the rate on the 747 program."

As planned, Boeing will also change production of the 777 from seven airplanes per month to five airplanes per month in the fourth quarter of 1999, but plans to return to the seven-per-month rate in 2000.

Production will increase in the second quarter of 1999 for Next-Generation 737 models from 21 airplanes per month to 24 airplanes per month as it decreases on "Classic" 737-300, -400 and -500 models from five airplanes per month to three airplanes per month. (Boeing will maintain Classic 737 production at five airplanes per month for the third and fourth quarters of 1998 and sustain that rate until the second quarter of 1999.) In total, 737 production will rise from 26 airplanes per month to 27 airplanes per month in the second quarter of 1999.

Rates will remain unchanged for the Boeing 757, 767, MD-80/-90 and MD-11 programs.

Also, Boeing plans to deliver its first 717-200 in the second quarter of 1999 and will deliver follow-on 717 airplanes for the rest of the year. The company will establish a formal production rate for the 717 in 1999.

These production plans will likely result in the elimination of some BCAG jobs in addition to the 12,000 previously announced. The company plans to begin reducing employment in mid-1998.

Monthly production rates for 1999 will be set as follows:

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
737 Classic	5	3	3	3
Next-Generation 737	21	24	24	24
747	5	3.5	3.5	3.5
757	5	5	5	5
767	4	4	4	4
777	7	7	7	5
MD-80/-90	3	3	3	3
MD-11	1	1	1	1
717	0	First Delivery	Follow-ons	Follow-ons
Total*	51	50.5	50.5	48.5

* Does not include 717 production rate

FORWARD-LOOKING INFORMATION IS SUBJECT TO RISK AND UNCERTAINTY

Certain statements in the financial discussion and analysis by management contain "forward-looking" information that involves risk and uncertainty, including projections for deliveries, sales, research and development expense and other trend projections. Actual future results and trends may differ materially depending on a variety of factors, including the Company's successful execution of internal performance plans; future integration of McDonnell Douglas Corporation; product-performance risk associated with regulatory

certifications of the Company's commercial aircraft by the U.S. Government and foreign governments; other regulatory uncertainties; collective-bargaining labor disputes; performance issues with key suppliers and subcontractors; government export and import policies; factors that result in significant prolonged disruption to air travel worldwide; global trade policies; worldwide political stability and economic growth; changing priorities or reductions in the U.S. Government defense and space budgets; termination of government contracts due to unilateral government action or failure to perform; and legal proceedings.
