

Boeing Projects \$5.2 Trillion Market for New Airplanes and Services

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The Boeing Company [NYSE:BA] released its 2003 Current Market Outlook at the Paris Air Show today, noting a forecast of a \$5.2 trillion market for new commercial airplanes and aviation services over the next 20 years.

The report, widely regarded as the most comprehensive and respected analysis of the commercial aviation market, shows that the long-term forecast remains healthy.

Boeing estimates the world fleet will more than double to 34,000 jets by 2022, comprising approximately 18,400 airplanes for market growth; 5,900 airplanes for replacement; and 9,700 airplanes currently flying. The mix of current and new airplanes is expected to accommodate a forecast of 5.1 percent per year growth in world air travel. Regional growth varies between 4 and 7.3 percent, with Latin America expected to be the fastest-growing region.

"The progression from a regulated to liberalized market has increased competition among airlines and is forcing them to operate at much higher levels of efficiency to remain profitable," said Randy Baseler, Boeing Commercial Airplanes' vice president -- Marketing. "Passenger preference for more frequent, nonstop flights with shorter trip times will continue to drive market evolution and airline strategies. After all, air travel is all about passenger convenience and saving time."

Boeing projects that airlines will invest \$1.9 trillion in new commercial airplanes, which equates to 24,275 airplane deliveries over the next 20 years. Of that total:

- 18 percent (or 4,300 deliveries) will be for smaller regional jets (below 90 seats).
- 56 percent (or 13,645 deliveries) will be for larger regional jets and single-aisle airplanes.
- 22 percent (or 5,440 deliveries) will be for intermediate-size airplanes.
- 4 percent (or about 890 deliveries) will be for 747 and larger size airplanes.

Baseler pointed out that when flying to Paris in 1980 from a city more than 5,000 kilometers away, there were few choices of direct non-stop service. Multiple connections may have been required to complete the journey. Today, there are almost two and a half more non-stop markets and four and a half more scheduled flights, with a slight decrease in airplane size.

"This is a typical example of market fragmentation," Baseler said. "Air travel growth is being met by more non-stops and frequencies rather than an increase in airplane size."

The freighter fleet will double over the next 20 years from 1,752 to 3,501 airplanes. Freighters, as a share of the total airplane fleet, will fall from 11 to 10 percent due to an increase in the size of the average freighter. Taking 1,227 retirements into account, nearly 3,000 airplanes will be added to the freighter fleet by 2022.

Increasing pressure on airlines to become more efficient led Boeing to enter the aviation support services market. On call 24-hours a day and supporting 1,000 operators worldwide, Boeing's world-class support and services is committed to the customers' success.

Boeing estimates that the commercial aviation support services market will be worth about \$3.3 trillion over the next 20 years, with annual revenues considerably more than that for the new airplane market.

"Boeing offers unmatched global support and aviation services to the industry so our customers are free to focus on their core business," Baseler said. "We believe Boeing is uniquely positioned and prepared to bring

this kind of value to our customers, and we see this as a tremendous opportunity to help build a safe and efficient global air-transportation system."

Boeing's Current Market Outlook is posted on the company's Web site.

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