Boeing Revises 787 First Flight and Delivery Plans; Adds Schedule Margin to Reduce Risk of Further Delays

First flight moved into fourth-quarter 2008; deliveries to begin third-quarter 2009

Production plan now targets approximately 25 787 deliveries in 2009

Company expresses confidence in plans; will work closely with customers to minimize disruption

No change to 2008 earnings guidance; strong 2009 EPS growth still expected

EVERETT, Wash., April 09, 2008 -- Boeing [NYSE: BA] today announced a revised plan for first flight and initial deliveries of the 787 Dreamliner that includes additional schedule margin to reduce risk of further delays on the program.

While significant progress has been made assembling Airplane #1, first flight is being rescheduled due to slower than expected completion of work that traveled from supplier facilities into Boeing's final assembly line, unanticipated rework, and the addition of margin into the testing schedule. The new delivery schedule is based on a more conservative production plan developed with the 787 partner team. That schedule now targets approximately 25 deliveries in 2009.

First flight of the all-new airplane will move into the fourth quarter of this year rather than the end of the second quarter, and first delivery is now planned for the third quarter of 2009 instead of first quarter.

Company officials expressed confidence in the new plan and the steps being taken to accelerate program performance.

"Over the past few months, we have taken strong actions to confront and overcome start-up issues on the program, and we have made solid progress," said Boeing Commercial Airplanes President and CEO Scott Carson. "Nevertheless, the traveled work situation and some unanticipated rework have prevented us from hitting the milestones we laid out in January. Our revised schedule is built upon an achievable, high-confidence plan for getting us to our power-on and first-flight milestones. Also, while the fundamental technologies and design of the 787 remain sound, we have inserted some additional schedule margin for dealing with other issues we may uncover in testing prior to first flight and in the flight test program."

The company said in January it would be conducting a comprehensive assessment of its supply chain and production system capabilities to determine the details of the 787's flight test program and initial delivery profile. As a result of that assessment, the first-year delivery plan announced today will be followed by a more gradual ramp up to full-rate production than previously planned.

"We deeply regret the disruption and disappointment these changes will cause for our customers, and we will work closely with each of them to minimize the impact," said Carson. "We have taken significant action to improve supply chain and production system performance, such as our investment in Global Aeronautica, but based on our assessment, the prudent course is to proceed with a more gradual ramp up to full-rate production."

Pat Shanahan, 787 vice president and program manager, echoed Carson's comments about the progress being made in 787 factories.

"The work that remains to be done on Airplane #1 is well defined, and we can see our way to -- and have confidence in -- the new milestones we have set for it," said Shanahan. "We have addressed the major challenges that slowed our progress while trying to complete the primary structure -- the parts shortages, engineering changes, and manufacturing changes -- and we are well into the systems installation that is the precursor to putting power on the airplane for the first time. We have also worked closely with our partners to achieve higher levels of completion of their parts of subsequent airplanes, and we will continue to drive improvements in the supply chain and production system performance," he said.

For tracking program progress, Shanahan outlined a series of milestones that will occur before June 30: 787 static and fatigue structural test airplanes will move to their testing locations; Airplanes #3 and #4 will enter final assembly; hardware airworthiness qualifications will be complete; and power on will be achieved.

Shanahan also said the program has changed the timing of the introduction of two 787 derivatives. The 787-9, a larger variant of the airplane, will be the first derivative of the baseline 787 with delivery planned for early 2012. The 787-3, a shorter-range model previously slated to deliver in 2010, will now become the second derivative of the airplane family.

While research and development costs will likely increase as a result of the 787 schedule change, Boeing expects no change to 2008 earnings guidance. The company continues to expect strong earnings per share growth in 2009 and will provide complete 2009 financial guidance when it holds its first-quarter 2008 earnings conference call later this month. The outlook for the company's defense business and in-production commercial airplane programs remains strong.

Boeing will hold a conference call with Scott Carson and Pat Shanahan to discuss the 787 program today at 11:00 a.m. EDT,

8:00 a.m., PDT.

Forward-Looking Information Is Subject to Risk and Uncertainty

Certain statements in this report may constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "intends," "plans," "projects," "believes," "estimates," and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements in this press release include, among others, statements regarding future results as a result of our growth and productivity initiatives, our 2008 financial outlook and the benefits of the IDS structure. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak only as of the date they were made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Our actual results and future trends may differ materially depending on a variety of factors, including the continued operation, viability and growth of major airline customers and non-airline customers (such as the U.S. Government); adverse developments in the value of collateral securing customer and other financings; the occurrence of any significant collective bargaining labor dispute; our successful execution of internal performance plans including our company-wide growth and productivity initiatives, production rate increases and decreases (including any reduction in or termination of an aircraft product), availability of raw materials, acquisition and divestiture plans, and other cost-reduction and productivity efforts; charges from any future SFAS No. 142 review; ability to meet development, production and certification schedules for the 787 program and the ability to meet scheduled deliveries of the 787 airplane; technical or quality issues in development programs (affecting schedule and cost estimates) or in the satellite industry; an adverse development in rating agency credit ratings or assessments; the actual outcomes of certain pending sales campaigns and U.S. and foreign government procurement activities, including the uncertainty associated with the procurement of tankers by the U.S. Department of Defense (DoD) and funding of the C-17 program; the cyclical nature of some of our businesses; unanticipated financial market changes which may impact pension plan assumptions; domestic and international competition in the defense, space and commercial areas; continued integration of acquired businesses; performance issues with key suppliers, subcontractors and customers; significant disruption to air travel worldwide (including future terrorist attacks); global trade policies; worldwide political stability; domestic and international economic conditions; price escalation; the outcome of political and legal processes, changing priorities or reductions in the U.S. Government or foreign government defense and space budgets; termination of government or commercial contracts due to unilateral government or customer action or failure to perform; legal, financial and governmental risks related to international transactions; legal and investigatory proceedings; tax settlements with the IRS and various states; U.S. Air Force review of previously awarded contracts; costs associated with the exit of the Connexion by Boeing business; and other economic, political and technological risks and uncertainties. Additional information regarding these factors is contained in our SEC filings, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2007.

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