Company’s heritage mirrors the history of flight

- Founded in 1916 in Puget Sound Washington
- Became the leading producer of commercial and military aircraft
- Undertook a series of strategic mergers and acquisitions to broaden its portfolio that included McDonnell Douglas, Rockwell Intl. Spaces and Defense and Hughes space and communications, among others
- Today positioned as a broad, balanced and global enterprise defining the future of aerospace
As a company we protect and connect People

- Design and manufacture commercial jetliners
  - Boeing 7-series of airplanes leads the industry
  - Offer a broad range of services to passenger and freight carriers
- Produce weapons systems and networking technology
  - World’s largest designer and manufacturer of military aircraft
  - Provide services and support to governments worldwide
- Provide satellites and launch vehicles
  - World’s largest provider of commercial and military satellites; leading rocket manufacturer; and NASA’s largest contractor
What We Do Today (cont’d)

- Provide financial solutions focused on customer requirements
- Develop advanced technology defining the future of aerospace

As a company we protect and connect People
Our Products

Comprehensive products, services, and integrated solutions tailored to customer needs

Through customer-focused services and support, Boeing helps airlines achieve substantial benefits and advantages.

- Reduced costs
- Improved fleet utilization
- Passenger well-being
- Leading-edge information management

COMMITTED TO YOUR SUCCESS
Companies that change and adapt in a rapidly evolving global economy will survive, grow and prosper.

Global Scope

- 2005 Revenue was $54.8 billion from customers in 145 countries
  - International Sales were more than 30 percent
- More than 153,000 employees in 48 states in the U.S. and 70 countries
- 13,000+ suppliers in more than 100 countries
- Research, design and technology development centers and programs in multiple countries
- Manufacturing, services and technology partnerships with companies around the world
- The largest U.S. exporters
COMMITTED TO YOUR SUCCESS

Worldwide Positioning

- Field Service
- Spares Distribution Centers
- Training Centers
- Component Service Centers
- Modification Suppliers
The Boeing Supply Chain (Pre–2000)

Viewed as a support function to a manufacturing company

- Each Aircraft has between 100,000 to 400,000 Line Item’s (SKU’s)
- Most are unique to each aircraft type
- Multiple Aircraft Types (>50 Types)
- Long Life Cycles
- 33,000+ Suppliers
The Boeing Supply Chain (2006)

- Manage strategic suppliers who manage more of the supply chain (move from manufacture to assembly)
- Reduced overall number of suppliers (13,000)
  - Leverage spending
  - Focus on partnerships – Best practices, data exchange, etc
  - Incentivize performance and delivery reliability
Creating industry’s most advanced distribution network to ensure you get the products and services you need when and where you need them.

Key Challenges

- Synchronizing thousands of designs and deliveries to build an airplane
- Maintaining supply chains that last 50+ years…
- While evolving business processes and technology
- While assuring safe, cost effective products
The Future

- Focus on leadership – Our company grows when our people grow
- Address the service issues of transportation operations and the passenger experience
  - Move more towards a service model
- Create end to end strategies
  - Use our supply chain as a competitive advantage

Leveraging benefits across our entire operation.
**Supply Chains as a Competitive Advantage**

Boeing’s worldwide support network is in place to support unique requirements.

<table>
<thead>
<tr>
<th>Airline Operations Supply Chains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
</tr>
<tr>
<td>Parts and Maintenance</td>
</tr>
<tr>
<td>Catering</td>
</tr>
<tr>
<td>Baggage</td>
</tr>
<tr>
<td>Entertainment – Audio/Video/Duty Free Shopping</td>
</tr>
</tbody>
</table>
Supply Chains as a Competitive Advantage

On line, and on call

- Parts and maintenance
  - Link our aircraft directly into the supply chain
  - Intelligent vehicle health monitoring
  - Goldcare
- Catering
  - Onboard meal ordering prior to take-off
- Baggage
  - RFID tags with imbedded aircraft readers
  - Increased tracking ability (security and lost bags)
- In flight entertainment
  - Wireless pay per view
  - Internet and e mail

Boeing’s worldwide support network is in place to support unique requirements.
Summary

- Supply chains are becoming the dominant competitive factor in manufacturing industries today.
- Velocity and delivery reliability are keys to superior performance.
- Supply chain strategies are becoming a larger part of companies overall strategies.
Questions?