Boeing to Build Teledesic's 'Internet-in-the-Sky'

Aerospace Company Will Serve as Prime Contractor, Assemble International Team

Teledesic Corporation and The Boeing Company today announced that Boeing will become an equity partner in Teledesic and serve as the prime contractor for the company's global, broadband "Internet-in-the-sky."

Boeing will invest up to $100 million for 10 percent of the current ownership of Teledesic, a private company whose primary investors are telecommunications pioneer Craig McCaw and Microsoft Chairman Bill Gates.

As the prime contractor, Boeing will lead an international effort to design, build and launch the Teledesic Network. The estimated contract value will be $9 billion. Using a constellation of several hundred low-Earth-orbit satellites, Boeing and Teledesic will create the world's first satellite network to provide affordable, worldwide "fiber-like" access to telecommunications services such as broadband Internet access, videoconferencing and interactive multimedia.

The agreement brings together McCaw, Teledesic's chairman, who helped revolutionize the way people communicate by building the world's largest cellular phone company before selling it to AT&T in 1994; Gates, who has built the world's largest computer software company; and Phil Condit, Boeing's chairman and chief executive officer, who is leading the world's largest aerospace company into the new millennium.

"Boeing shares Teledesic's vision of building a global satellite network that will extend the most advanced information services to the far reaches of the earth," Condit said.

"Our relationship with Teledesic is the perfect catalyst for bringing together all of our historical investments in the space business with our recent and planned investments in Sea Launch, Rockwell and McDonnell Douglas," said Condit, who is leading Boeing's merger with McDonnell Douglas and the recent acquisition of Rockwell International Corp.'s aerospace and defense businesses.

The boards of directors of both companies have approved the agreement, which was signed by Alan Mulally, president of Boeing Defense and Space Group, and David Twyver, Teledesic's chief executive officer.

"Much like our work on the 777, where we had hundreds of suppliers in dozens of countries, we are committed to assembling a global industrial team to build and deploy Teledesic's 'Internet-in-the-sky,'" Mulally said.

McCaw said, "The relationship between Boeing and Teledesic is the perfect collaboration. Boeing and all of the associated suppliers it brings to the table from around the world will ensure that Teledesic is a global endeavor."

"While we still have much work to do, Boeing's leadership on Teledesic's industrial team will help us play a role in bringing the advantages of the Information Age to the entire world, particularly to those being left out as matter of cost or geography. We are driven by both opportunity and obligation to build this business and deliver to the entire world the same type of opportunity that technology has provided us," McCaw said.

Teledesic said it selected Boeing as the prime contractor because of its pioneering work in space; its experience in managing large, complex global alliances; its commitment to aggressive cost and schedule goals; and the companies' shared vision.

The announcement comes on the heels of the Federal Communications Commission's March 14 approval of Teledesic's license to build and operate the advanced, two-way telecommunications network. Teledesic had stated previously that the FCC license was a necessary first step before entering into commitments with industrial, service and investment partners.

The Teledesic Network will provide switched, broadband network connections through service partners in host countries worldwide - from the largest urban centers to the most remote villages. The network emulates the most famous distributed network, the Internet, while adding the benefits of high-quality service and location-insensitive access. Service is targeted to begin in 2002.

With the Teledesic Network, enterprises will be able to connect branch offices throughout the world to their existing global networks, and workers will be able to telecommute from anywhere.

Teledesic's satellite constellation will orbit about 50 times closer to Earth than traditional geostationary satellites. The Teledesic Network's low orbit eliminates the long signal delay normally experienced in satellite communications and enables the use of small, low-power terminals and antennas, about the size of direct broadcast satellite (DBS) dishes.

Teledesic is a private company based in Kirkland, Washington, a suburb of Seattle, where The Boeing Company has its headquarters.

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