The New Boeing Begins Operations as a Single Company

Company announces organization structure keyed to customer needs

Boeing Chairman and Chief Executive Officer Phil Condit announced today that with the merger of The Boeing Company and McDonnell Douglas Corp. now completed, the new Boeing has begun operations as a single company.

"This is a historic day," said Condit, "Boeing is now the largest aerospace company in the world. We have a strong balance of commercial, defense, and space capabilities, customers in 145 countries, a business backlog of more than $100 billion, and a future with extraordinary potential for discovery and achievement."

Phil Condit and Boeing President Harry Stonecipher began the day with a satellite broadcast seen live by approximately 150,000 employees at more than 50 locations, followed by a news conference at the Smithsonian Institution's National Air and Space Museum.

"This day really belongs to the more than 220,000 men and women of the new Boeing. They brought us here and it will be their talent and dedication that will determine our future," said Condit.

"The job of finding the best way to organize the company involved complex and detailed considerations on many levels, and, of course, numerous sensitivities," said Condit. "That's why it was so important to stay focused on the one objective that matters most: to do what's best for our customers in meeting their needs and expectations, and best for all of us in creating the most opportunities we can for Boeing people and the company."

Condit announced new organization and leadership assignments for The Boeing Company. All changes are effective August 4.

A new organization, the Information, Space, and Defense Systems Group (ISDS) has been formed. Alan Mulally, formerly president of the Boeing Defense & Space Group, is president of the new group. Condit said, "ISDS provides a splendid way to support our commercial, defense, and civil customers with a team approach that will deliver outstanding integrated aerospace solutions."

The new group will have three business units and an advanced research and development organization. Reporting to Mulally, they are:

- McDonnell Aircraft and Missiles Systems, with headquarters in St. Louis, and a product line that includes all the company's military aircraft systems, both fixed- and rotary-wing, and tactical missiles. Mike Sears, formerly president of McDonnell Douglas Aerospace, is named president of this business unit.
- Space Systems, with headquarters in Seal Beach, Calif. and a product line that includes the International Space Station, rocket engines, Sea Launch, Delta rockets, and the Space Shuttle program. John McLuckey, formerly president of Boeing North American, is named president of this business unit.
- Information and Communications Systems, with headquarters in Seattle, and a product line that includes satellites, AWACS, airborne lasers, Teledesic, aircraft information systems, and strategic missiles. Jim Evatt, formerly Boeing Defense & Space Group executive vice president, is named president of this business unit.
- Phantom Works, the advanced research and development organization, will be led by David Swain, the former head of McDonnell Douglas' Phantom Works. Swain is named ISDS executive vice president.

In discussing the process leading up to the new organization structure, Condit said, "our deliberations reflected the kind of professionalism and thoroughness I expect will be the hallmark of the new Boeing leadership team. It was thorough and thoughtful, with first-rate sharing every step of the way."

Condit also explained that, "the company sought the views of its customers, including former Under Secretary of Defense Paul Kaminski, to gain their perspective on how to best serve them. Customer input was valuable and is certainly reflected in the new structure."

As previously announced, the Douglas Aircraft Company is now the Douglas Products Division and part of the Boeing Commercial Airplane Group (BCAG).

Condit also announced that an Office of the Chairman has been added to the Company Offices organization structure. The Office consists of Phil Condit, chairman and CEO, and Harry Stonecipher, president and COO. "We believe this 'working together' approach will help create the new culture necessary for future success," said Condit.

The new Executive Council, which reports to the Office of the Chairman, was also named by Condit. The members are:

- Ron Woodard, Senior Vice President and President, Commercial Airplane Group
- Alan Mulally, Senior Vice President and President, Information, Space, and Defense Systems Group
- Jim Palmer, Senior Vice President and President, Shared Services Group.

- Stan Ebner, Senior Vice President Washington D.C. Operations
- Jim Dagnon; Senior Vice President - People
- Boyd Givan, Senior Vice President and Chief Financial Officer
- John Warner, Senior Vice President
- Ted Collins, Senior Vice President and General Counsel

Larry Bishop, Vice President Communications and Investor Relations, and Nancy Higgins, Director, Ethics and Business Conduct report to the Executive Council.

The Shared Services Group, led by President Jim Palmer, is a new Company-level organization which incorporates the Boeing Information and Support Services organization. Its mission is to support BCAG, ISDS, and Company Offices in the areas of computing, telecommunications, and other support services.

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