Boeing Unveils High-Speed Global Communications Service -- Live In-Flight Internet, E-Mail, TV; Available Next Year

CNN, Loral, Alenia, Matsushita, Mitsubishi, CNBC to Participate

The Boeing Company [NYSE: BA] today announced plans to develop a global communications network and other services that will revolutionize the way people travel. Called Connexion by Boeing^{SM}, the system will provide air travelers with an unparalleled array of high-speed data communication services via a space-based network -- all for about the same price as cellular phone service.

Using Connexion by Boeing, commercial airline passengers soon will be able to access the Internet, e-mail, television, news and information -- essentially any form of high data-rate communication today's business or leisure travelers require -- in real-time at 40,000 feet. Intended to extend home- and office-like connectivity into the skies, Boeing's mobile broadband services will help keep people in touch, even when moving 500 mph. Other applications for Connexion by Boeing include corporate and private business jets, U.S. government platforms, and aircraft health monitoring.

"Boeing intends to be a leader in the new mobile economy -- and that means helping our airline customers and their passengers stay globally connected at all times," said Phil Condit, Boeing chairman and chief executive officer. "In commercial air travel today, you have a few choices -- you can read a book or a magazine or watch one of several movies. But soon, when you can watch a live soccer match or e-mail family or shop online or keep an eye on your stocks -- the airplane will begin to look like your home or office and the experience of travel will change."

Boeing has signed memoranda of agreement with CNN Inflight Services, Atlanta, Ga.; Mitsubishi Electric Corp., Tokyo, Japan; Alenia Spazio, a Finmeccanica Company, Rome, Italy; Loral Skynet® of Bedminster, N.J.; Matsushita Avionics Systems Corp., Bothell, Wash.; and CNBC, Fort Lee, N.J. The company currently is negotiating with prospective airline partners, and additional content and service suppliers.

While anticipated revenues for Connexion by Boeing have not been announced, analysts project the program's addressable market to be about $70 billion over the next 10 years. Company officials said they hope to capture a significant share of that market with the venture's unique services.

With Connexion by Boeing, airline passengers will be able to choose from a multitude of personalized communications services, including Internet and corporate intranet access, e-commerce, live television and entertainment, transmission and receipt of data, shopping, travel and destination information -- all in real time. Airline operators also will benefit from in-flight access to aircraft and crew data.

Digital broadband capability, which provides increased bandwidth -- or a larger "pipeline" -- for two-way interactive applications, allows customers to send and receive data at rates equivalent to cable Internet access. To provide the capability to airborne travelers, Boeing will use advanced antenna technology and existing satellites, while extending to a mix of new and existing satellites as the service matures.

"Clearly, this is an exciting growth market for Boeing," said Jim Albaugh, president of Boeing Space and Communications Group. "Commercial information and communications are areas where we understand the customer, where we bring unique solutions no one else has the capabilities or resources to provide, and where we can apply our knowledge of large-scale systems integration to provide mobile users seamless connectivity," Albaugh said.

The introduction of Connexion by Boeing follows the pending acquisition of Hughes Space & Communications and signals the move by Boeing into commercial, space-based communications markets.

Intended as a global service, initially Connexion by Boeing will be available to commercial airline customers operating in North America. Service later will be expanded to other regions, over ocean areas and onto other moving platforms. The system is already available for installation on private business jets today and will be available on commercial aircraft shortly. System installations are expected to begin in late 2001, with operability expected shortly thereafter.

"Our immediate task is to make these services available to the airlines and the three million airline passengers who board some 42,300 flights on Boeing-built planes daily. The system seeks a far broader market," Condit said. "Ultimately, we see Connexion by Boeing as an enabler for addressing civil and military information needs, such as air traffic management and integrated military communications."

With headquarters in Seattle, The Boeing Company is the largest aerospace company in the world and the United States' leading exporter. The company's capabilities in aerospace include commercial jetliners, military aircraft, rotorcraft, electronic and defense systems, missiles, rocket engines, launch vehicles, and advanced information and communication systems. The company has an extensive global reach with customers in 145 countries and manufacturing operations throughout the United States, Canada and Australia.

Certain statements in this release contain "forward-looking" information that involves risk and uncertainty, including projections for new business and new business opportunities, revenues and revenue growth potential, the schedule for bringing the Connexion by Boeing[SM] into operation, new products, current and future markets for the Connexion by Boeing service, and other trend projections.

This forward-looking information is based upon a number of assumptions including: assumptions regarding demand; current and future markets for the Connexion by Boeing services; research, development and certification of equipment critical to the Connexion by Boeing system, such as the antenna; certification by national and international agencies of the radio spectrum usage by Connexion by Boeing; supplier and subcontractor performance in delivery of critical equipment and services; industry capacity for installation of Connexion by Boeing equipment on aircraft; supplier contract negotiations; price escalation; government policies and actions; and other regulatory approvals.

Actual future results and trends may differ materially depending on a variety of factors. One of these factors is whether the Company successfully executes its internal performance plans, which include meeting goals in the following areas: research and development of antenna and other critical equipment; performance of critical equipment; supplier production rates and quality; installation rates on aircraft; supplier contract negotiations. Other factors are external to Company performance, and include: acceptance of the new Connexion by Boeing services by airlines and the public; the cyclical nature of some of the Company's businesses; volatility of the market for certain products and services; the degree of domestic and international competition; uncertainties associated with regulatory certifications of the Connexion by Boeing system by the U.S. Government and foreign governments; other regulatory uncertainties; collective bargaining labor disputes; performance issues with key suppliers, subcontractors and customers; governmental export and import policies; factors that result in significant and prolonged disruption to air travel worldwide; global trade policies; worldwide political stability and economic conditions, particularly in Asia; real estate market fluctuations in areas where company facilities are located; price escalation trends; the outcome of political and legal processes; legal, financial and governmental risks related to international transactions; legal proceedings; and other economic, political and technological risks and uncertainties.

Additional information regarding these factors is contained in the Company's SEC filings, including, without limitation, the Company's Annual Report on Form 10-K for the year ended 1999.

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For further information:
Terrance Scott
Boeing Anaheim
office: 714-762-5350
Anne Eisele
Boeing Seal Beach
office: 562-797-1022
Larry McCracken
Boeing Seattle
office: 206-655-6123
Erik Simonsen
Day of Release Only
office: 562-797-5473