Boeing Creates Three New Business Units

The Boeing Company today elevated the status of three business growth opportunities to bring increased management focus and attention to new frontier business activities for the world's largest aerospace company.

"To maximize the value of three exciting growth opportunities for Boeing, we are creating new business units and setting up the leadership structure, business teams and resources to ensure they succeed," said Phil Condit, chairman and chief executive officer. "We are organizing our resources to ensure the execution of our business growth strategies in the new economy, while taking advantage of our 'system of systems' integration capabilities."

The new business units are Connexion by Boeing℠, the company's means to change air travel by providing high-speed Internet and entertainment services to mobile platforms; Air Traffic Management, an effort to develop new approaches to bringing technology solutions for enhanced air traffic control and airport operations; and Boeing Capital Corp., the company's growing financial services arm. The company has selected senior leaders for each unit who will report directly to the Office of the Chairman, serve as corporate officers and participate as members of the Executive Council, the company's senior leadership team.

The management and structural changes were approved by the Boeing Board of Directors on Monday, Oct. 30, and are effective immediately.

- Scott Carson, 54, will become senior vice president of Boeing and president of Connexion by Boeing℠. Previously, he served as executive vice president and chief financial officer for the Commercial Airplanes segment.
- John Hayhurst, 52, will become senior vice president of Boeing and president of Air Traffic Management. He has been vice president of business development for Commercial Airplanes. Boeing currently has people in several organizations working on systems, technologies and architecture to provide an integrated solution for a new air traffic management system. Hayhurst will assemble an organization to formulate a business plan to develop this critical arena.
- James Palmer, 51, already a senior vice president of Boeing and a member of the Executive Council, has been named president of Boeing Capital Corp. He had been president of the company's Shared Services Group, located in Bellevue, Wash. Boeing Capital Corp. is a 100-person unit based in Renton, Wash. It is an asset-based lending and leasing organization that manages a portfolio of more than $4 billion in assets.

"We believe Connexion by Boeing℠ will change the way people think about travel. It will shrink the time and speed relationships for passengers," Condit said. Connexion by Boeing℠ will provide live television and real-time, two-way satellite broadband connections to each aircraft seat. Users will be able to stay connected for business and personal purposes, exchange real time e-mail and access many new sources of entertainment and news. The company also is exploring additional markets for use of its intellectual and technological prowess in satellite-based systems.

"We believe there is great opportunity in the air traffic management arena. The experiences of many frustrated air travelers this past summer are stark reminders that the current air traffic control system in the United States is approaching maximum capacity. Regional weather disturbances, minor equipment outages or labor strife can quickly impact the efficiency of the entire system," Condit said. "We believe the technology exists to increase the safety of the air traffic management system while increasing the efficient handling of the expected growth in traffic." The company next year expects to bring forth a proposal to the U.S. government for a comprehensive solution to handling this growth.

"We are elevating the reporting level of Boeing Capital Corp. and moving Jim Palmer into the leadership position to enable us to use his strong financial and leadership skills to rapidly expand our position in this fast-growing, high-opportunity business area," Condit said. "Boeing Capital Corp. has played a key role in arranging several significant airline financing and services packages for the company in the past 18 months. We want to expand such innovative financing solutions to customers across all our lines of business," he said.

Boeing also named three related management moves:

- Laurette Koellner, 46, will be promoted to senior vice president of Boeing and will replace Palmer as president of Shared Services Group. Koellner will report to the Office of the Chairman and become a member of the Executive Council. Previously, Koellner was vice president and controller for the company
- James Bell, 52, will become vice president and controller for The Boeing Company. He will report to Mike Sears, Boeing senior vice president and chief financial officer. Previously, he held the position of vice president of contracts and pricing for the Space and Communications segment in Seal Beach, Calif.
- Mike Cave, 40, will become vice president and chief financial officer for Commercial Airplanes, based in Renton, Wash. He is currently finance officer for the unit's Commercial Aviation Services business. In his new position Cave will report to Alan Mulally, president of Commercial Airplanes.

"These actions represent the energy and velocity of The Boeing Company today as we pursue our three-fold strategy of running

healthy core businesses, leveraging our strengths into new products and services, and opening new frontiers," Condit said. "Our clear focus remains on execution of business plans and returning shareholder value."

Additional biographical information on the six executives and organizational information can be found on the Boeing web site.

Forward-Looking Information Is Subject to Risk and Uncertainty
Certain statements in this presentation contain "forward-looking" information that involves risk and uncertainty, including projections and plans for Connexion by Boeing[SM], proposals relating to Air Traffic Management, and Boeing Capital Corp. This forward-looking information is based upon a number of assumptions including assumptions regarding demand; current and future markets for the Company's products and services; internal performance; product performance; customer, supplier and subcontractor performance; government policies and actions; and successful negotiation of contracts with the Company's labor unions; regulatory approvals; Actual future results and trends may differ materially depending on a variety of factors, including the Company's successful execution of internal performance plans, including continued research and development, acceptance of new products and services; the cyclical nature of some of the Company's businesses; volatility of the market for certain products and services; domestic and international competition in the commercial areas; 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; changing priorities or reductions in the U.S. Government or foreign government budgets; 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 and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.

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