Boeing Receives Communication Upgrade Contract Award for C-32A Aircraft Connexion by Boeing Service to provide Inflight Connectivity Capability

The Boeing Company (NYSE: BA) has been awarded a $112 million dollar indefinite delivery/indefinite quantity contract to provide upgrade and subscription support for the C-32A Mission Communications System. The upgrades will use the revolutionary Connexion by Boeing[SM] airborne broadband communication service, with all work scheduled to be completed by September 2003.

The C-32A is a specially configured Boeing 757-200 for the United States Air Force. The aircraft provides safe, reliable worldwide airlift for the Vice President, cabinet members and other government officials. Four C-32As are currently in service.

"We are extremely pleased with this contract award and the opportunity to showcase the productivity benefits that commercial broadband communication technologies can provide to our government customers," stated Connexion by Boeing President Scott Carson. "Current world events have heightened the need for global leaders and executive aircraft operators to maintain real-time, two-way broadband connectivity while in the air, as well as stay abreast of world news as it happens -- not after the fact. The Connexion by Boeing service can offer significant support in all these areas."

Under the terms of the modification contract, Boeing will equip up to four C-32A aircraft with an integrated, two-way communications capability using the satellite-based Connexion by Boeing broadband Internet and data service. At this time $9.5 million of the funds have been obligated. The Air Force can issue delivery orders totaling up to the maximum amount indicated, although actual requirements may necessitate less than this amount. The Aeronautical Systems Center, Wright-Patterson Air Force Base, Ohio is overseeing all contracting activity.

Connexion by Boeing is the market-leading initiative to bring commercial broadband data services to commercial and executive aircraft during flight, allowing passengers to have access to e-mail, the Internet, firewall-protected intranet access, e-commerce, television, news and entertainment content and transmission and receipt of data. Aircraft operators also benefit from in-flight access to aircraft and crew data. Boeing is also studying the potential applicability of the Connexion broadband in-flight data services for enhancing aviation security.

The Connexion by Boeing service is currently available to the executive services market in the U.S., which includes operators of private and government aircraft. Connexion by Boeing also remains on track with leading European carrier Lufthansa to equip its long-haul fleet beginning with a demonstration installation in late 2002/early 2003. For additional information, visit the Connexion by Boeing website.

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 for new business and business opportunities; technology development; domestic, foreign and international regulatory and coordination success; total shareholder returns; market potential and revenue opportunities; wireless communication market behavior; revenue model, growth strategy, and other trend projections.

This forward-looking information is based upon a number of assumptions including technological feasibility; government policies and actions, including domestic, foreign and international regulatory authorizations; access to spectrum and successful coordination with other users of spectrum; reliability of professional service providers and software; global economic, passenger and freight growth; current and future markets and demand; performance of internal plans; product performance; customer financing; customer, supplier and subcontractor performance; favorable outcomes of certain pending sales campaigns; government policies and actions; and successful negotiation of contracts with labor unions.

Actual future results and trends may differ materially depending on a variety of factors, including successful execution of the plans to develop and implement the proposed services, technical difficulties and uncertainties associated with the Internet and with mobile communications platforms, timing of delivery to market of the proposed services, changes in the market for the proposed services, successful execution of internal performance plans, including continued research and development; the actual outcomes of certain pending sales campaigns; acceptance of new products and services; product performance risks; the cyclical nature of the aerospace, internet and communications businesses; volatility of the market for certain products and services; domestic and international competition in communication; uncertainties associated with regulatory certifications by the U.S. Government and foreign governments; other domestic and foreign regulatory uncertainties, including access to spectrum and successful coordination with other users of spectrum; 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; domestic and international economic conditions; 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 Boeing's SEC filings, including, without limitation, Boeing's Annual Report on Form 10K for the year ended 2000 and its Form 10-Q for the quarter ended September 30, 2001.

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