# Boeing Restructures Satellite Operations

A restructuring of the satellite operations of Boeing Space and Communications will enable the world's leading satellite provider to position itself to compete more aggressively in a highly competitive market. Boeing Space and Communications (S&C) is a unit of The Boeing Company (NYSE:BA).

"We will raise the bar on quality and competitiveness, while we continue to focus on our technical excellence," said Randy Brinkley, president of Boeing Satellite Systems (BSS), the satellite operations arm of Boeing S&C. "We will significantly increase our emphasis on product and enterprise-wide quality, and we are also restructuring to enhance our business agility to respond to market changes and to meet the needs of our customers. This effort is about being positioned for market leadership and growth."

The satellite operations' restructuring will also include consolidation of facilities, job reductions, and the streamlining of design and production. The affected operations, BSS of El Segundo, Calif., and its subsidiary, Boeing Electronic Dynamic Devices of Torrance, Calif., currently employ more than 9,000 combined. Approximately 11 percent of jobs will be reduced, including 900 in El Segundo and 150 in Torrance.

To reduce the actual number of layoffs, the company is making a major effort to match the skills of as many of the affected employees as possible with the 350 current job openings at other Boeing Southern California locations. Boeing is implementing its internal employee redeployment program, "Operation Resume," which includes internal job fairs and personal assistance to match employee skills with these openings.

While there remains the potential for additional reductions by year-end depending on business conditions, major new business pursuits by other Boeing Southern California sites could reduce the impact of any such cuts by providing BSS employees new employment opportunities. Approximately 1,000 new openings are projected for major program pursuits in Seal Beach and Anaheim, Calif., in the next nine months.

"El Segundo is the Boeing Center of Excellence for satellites and today's restructuring will enhance its efficiency and competitiveness," said Jim Albaugh, president and CEO of Boeing Space and Communications. "We are also underscoring the site's long-term importance by establishing an office for a group of Boeing Phantom Works technologists in El Segundo to aid in Homeland Security initiatives and development of commercial satellite communications programs." Phantom Works is Boeing's advanced research and development division.

As previously announced, Boeing is increasing its capital spending in El Segundo to add 30,000 square feet of integration and test capabilities, while reconfiguring the BSS factory along Lean Manufacturing Practices. In addition, the company remains on track to begin production in El Segundo of 12 of the U.S. Air Force's next-generation Global Positioning Satellites (GPS IIF) in the fourth quarter 2002. The company is also pursuing other major new military satellite business that, if successful, could require new employment totaling 300 in 2003, 300 in 2004 and 700 in 2005.

Addressing BSS employees Brinkley added, "Boeing is committed to our satellite business and supporting these necessary actions to grow the business and increase our market competitiveness. We are clearly in a unique position to leverage the Boeing commitment and resources to achieve an unprecedented level of enterprise health and workforce prosperity. We have the opportunity to 'break out of the pack' and establish a level of market leadership distinguished by quality performance, schedule credibility, and technical excellence. With your commitment, we will be successful."

Boeing Satellite Systems was instrumental in launching the satellite communications industry, as evidenced by the more than 200 commercial satellites launched to date. Today's announcements will enable the business to build on that heritage, Brinkley added.

Boeing Space and Communications, headquartered in Seal Beach, Calif., is the world's largest space and communications company. A unit of The Boeing Company, S&C provides integrated solutions in launch services, human space flight and exploration, missile defense, and information and communications. It is NASA's largest contractor; a leading provider of space-based communications; the primary systems integrator for U.S. missile defense; and a leading provider of intelligence, surveillance and reconnaissance. The global enterprise has customers worldwide and manufacturing operations throughout the United States and Australia.

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