Boeing Satellite Unit Continues Streamlining

The Boeing Satellite Systems unit of Boeing Space and Communications today announced phase two of a streamlining effort that it initially announced on Feb. 21, 2002. The streamlining could include up to 1,300 job reductions by year-end, depending on commercial satellite market conditions. Boeing Space and Communications is a unit of The Boeing Company (NYSE:BA).

In a speech to employees this morning, Randy Brinkley, president of Boeing Satellite Systems (BSS), said: "When we announced our restructuring in February, we said that there was a potential for further reductions this year depending on business conditions. I am extremely disappointed to report that the commercial satellite market has continued to soften, and that we will have to further reduce our workforce and overall cost structure to meet these market conditions. However, it is critical that we take these steps now to size our business for the current difficult market and to restructure for long-term success."

Today's announcement includes approximately 800 job reductions by July, and the potential for 500 more by year-end depending on market conditions. To limit the actual number of layoffs, Boeing Space and Communications is making a major effort to match the skills of as many of the affected employees as possible with the 750 current job openings at other Boeing Southern California locations.

Boeing has begun its internal employee redeployment program, "Operation Resume," which has included internal job fairs and personal assistance to match employee skills with these openings. Boeing also held an initial external job fair with 26 other Southern California companies on April 12. Additional job fairs and redeployment activities are planned during the next several months to assist the impacted employees. Brinkley committed to the affected employees that, "BSS and Boeing will continue to make every effort to assist in employee redeployment within and outside of Boeing."

Looking to the future Brinkley added, "Boeing is committed to our satellite business and we are confident that the commercial satellite market will recover over the next year. Meanwhile, the government satellite market has seen a recent upturn, and we see major growth opportunities in the 2003-2005 timeframe. Unfortunately, that new business isn't near enough to get us through this difficult interim period."

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 500 new openings are projected for major program pursuits in Seal Beach and Anaheim, Calif., in the next six months.

Boeing Space and Communications (S&C), 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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