

Boeing Statement Regarding Department of State Allegations

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Today The Boeing Company released the following statement in response to a letter of charges issued by the U.S. State Department relating to alleged export violations that occurred in the 1990's when Boeing Satellite Systems was still part of Hughes Electronics.

Boeing Satellite Systems takes these charges very seriously. It is important to remember that these charges relate to events that occurred in the 1990s when Hughes Space and Communications Company was under different management and before Boeing acquired the satellite business. As a condition of the acquisition, Hughes retained responsibility for resolving these China matters and for paying any resulting fines or penalties.

The Boeing Company places the highest priority on compliance with export control laws. Since its acquisition of Hughes Space and Communications Company in October 2000, Boeing Satellite Systems has spent millions of dollars increasing personnel, upgrading processes, and incorporating new technology to remain in strict compliance in all of our international relationships. Boeing Satellite Systems is now at what we believe to be the cutting-edge of export compliance systems among aerospace companies.

The satellite market is global and competitive. As BSS continues to operate in this marketplace, protecting technology will remain an essential priority.

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For further information:

Dan Beck

818-586-4572

daniel.c.beck@boeing.com

Walt Rice

314-234-2149

walter.h.rice@boeing.com
