

## Industry Readies For Next Phase Of Army Transformation

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With Department of Defense approval to move the Army's Future Combat Systems (FCS) program into the system development and demonstration phase, the Lead Systems Integrator team of Boeing (NYSE: BA) and Science Applications International Corporation (SAIC) can accelerate bringing "the best of industry" on board this critical program, spurring job growth throughout the U.S.

"Boeing is proud to be a part of this important transformational program as it moves forward," said Jim Albaugh, president and CEO of Boeing Integrated Defense Systems. "The world has changed dramatically since the end of the Cold War. In our role on the Lead Systems Integrator team for FCS, we are working hand-in-hand with partners throughout the defense industry to help the Army address the challenges it will face in the decades to come."

FCS is a networked "system of systems" -- one large system made up of 18 individual systems, plus the network, plus the soldier. FCS uses advanced communications and technologies to link soldiers with both manned and unmanned ground and air platforms and sensors. FCS is highly agile, allowing forces to move quickly, and versatile, which allows troops to conduct a variety of missions.

The transition of the program into the system development and demonstration phase is expected to provide significant job opportunities and growth, especially in systems engineering, software, electrical, and mechanical/structural engineering for Boeing and industry partners. By the end of the year approximately 150 new jobs are anticipated in St. Louis, which was selected last month as the headquarters of the Boeing/SAIC Lead Systems Integrator team. That number is expected to grow to 400 to 500 jobs by the end of 2004. Boeing and SAIC also anticipate growth in Houston, Texas; Huntsville, Ala.; Mesa, Ariz.; Philadelphia, Pa.; Puget Sound, Wash.; Southern California; and the Washington, D.C. metropolitan area.

Additional job growth is expected among major partners, including General Dynamics and United Defense, which were selected to develop the manned ground vehicles, as well as other partners and subcontractors still to be selected. While the exact contract value of this multi-year, multi-billion dollar program has yet to be finalized, the contract is expected to cover a period of performance extending from May 2003 through 2010.

As the Lead Systems Integrator, the Boeing/SAIC team will function much like a general contractor on a house -- seeking out the best 'experts' in each area from around the globe. It is a role that aligns with Boeing's strategy of bringing the best of industry and Boeing to bear on developing integrated solutions, according to Albaugh. "We want industry's finest on the FCS team and we want to partner with key educational institutions that can help us meet the Army's goals."

Boeing is the largest aerospace company in the world and the United States' leading exporter. It is NASA's largest contractor and the largest manufacturer of commercial jetliners and military aircraft. The company's capabilities in aerospace also include rotorcraft, electronic and defense systems, missiles, rocket engines, launch vehicles, satellites and advanced information and communication systems. The company has an extensive global reach with customers in 145 countries.

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