

Scandinavian Airlines and Connexion by Boeing Sign Definitive Service Agreement

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Leading European Carrier to Help Pioneer Wireless Connectivity in the Cabin

Scandinavian Airlines System (SAS) and Connexion by Boeing, a business unit of Boeing (NYSE: BA), today announced the signing of a definitive service agreement for equipping the European air carrier's long-haul aircraft with the broadband mobile information service.

Based on the terms of the agreement, 11 SAS long-haul aircraft will be equipped with leading-edge wireless technology that will allow airline passengers to access the Connexion by BoeingSM service. An undisclosed number of options for expansion of the service onto additional SAS aircraft also are part of the agreement. Service installations will commence in early 2004, while aircraft model types and flight routes will be determined in the months ahead. Financial terms of the agreement were not disclosed.

Connexion by Boeing President Scott Carson commended SAS for its leadership in helping to usher in the age of in-flight wireless broadband access in Scandinavia and throughout Europe.

"The future for wireless connectivity in the cabin is now, and SAS has demonstrated its leadership by embracing the technology and the added value that real-time connectivity can bring to its passengers," said Carson. "This agreement is a significant step in the history of aviation, one which helps to further densify the North Atlantic corridor and clearly marks a major transition from complex, hard-wired cabin configurations to the simplicity of wireless networks. The result will be long-term value for airlines and their passengers."

"The Nordic region is one of the world's most IT-dense areas and the ability to communicate easily from the air was high on our passengers' list of priorities," says Jens Willumsen, who is responsible for Market & Product Management at Scandinavian Airlines. "This is why we have been working for a long time to achieve a complete solution that meets our customers' demands. We have long understood the benefits of wireless technology and since it is now making progress, it was an even more natural choice. Scandinavian Airlines was also first in the world to introduce wireless access to its lounges in 1999."

Once an airliner is equipped with the Connexion by Boeing service, SAS passengers will have the ability to use wireless-enabled laptops or personal electronic devices (PEDs) for real-time, high-speed access to the full richness of the Internet including two-way e-mail, virtual private network access and streaming audio and video content, by accessing an open wireless local area network onboard. The evolution of Wi-Fi technology into commercial airliners is expected to help simplify cabin distribution, reduce costs, and eliminate wires associated with traditional hard-wired connections. SAS also is expected to benefit from increased operational efficiencies through weight and power reductions, and reduced aircraft down time for system installation.

Connexion by Boeing continues to gain momentum in the marketplace as it prepares for the introduction of commercial service in early 2004. The Boeing team continues to work the global regulatory process, complete and certify the next-generation antenna and define the satellite and ground-based networks that will help broaden the availability of broadband connectivity in flight.

Connexion by Boeing is the mobile information services provider bringing high-speed Internet, data and entertainment connectivity to mobile travelers. The service is currently available today to operators of private and executive aircraft in the U.S. The Boeing business unit recently announced a definitive service agreement with Lufthansa to equip its fleet of long-haul aircraft with the service beginning in early 2004. In addition to a successful service demonstration with British Airways and the service agreement with SAS, Japan Airlines also has announced its intent to install the Connexion by Boeing service on its long-range aircraft. For additional information, visit the Connexion by Boeing web site at www.boeing.com/connexion.

Forward-Looking Information Is Subject to Risk and Uncertainty

Certain statements in this release contain "forward-looking" information that involves risk and uncertainty, including projections for new business and new business opportunities, compliance with delivery schedules, current and future markets for the Company's products, and decisions regarding production of Company products and offering of Company services. This forward-looking information is based upon a number of assumptions including assumptions regarding current and future demand for the Company's products and services; internal performance; product performance; customer financing; customer, supplier and subcontractor performance; favorable outcomes of certain pending sales campaigns; supplier contract negotiations; government policies and actions; and regulatory approvals. Actual future results and trends may differ materially depending on a variety of factors, including the Company's successful execution of internal performance plans, including continued research and development, production rate increases and decreases, timing of product deliveries and launches, supplier contract negotiations, acceptance of new products and

services, product performance risks, the cyclical nature of some of the Company's businesses; volatility of the market for certain products and services, actions by regulatory agencies, other regulatory uncertainties, 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 and economic conditions; the outcome of political and legal processes, including uncertainty regarding government funding of certain programs; termination of government contracts due to unilateral government action or failure to perform; 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 the Company's SEC filings, including, without limitation, the Company's Annual Report on Form 10-K for the year ended 2002 and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

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