

Boeing Realigns Space Businesses to Focus on Customers, Performance

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Boeing [NYSE: BA] officials announced today the company is realigning its launch and satellite businesses to better serve the company's primary customers, ensure program execution and reduce infrastructure costs.

"The commercial space market has eroded to a point where it is no longer a driving factor in either our satellite or launch services business," said Jim Albaugh, president and CEO, Boeing Integrated Defense Systems. "The steps we are taking today are in keeping with our customer-facing business strategy."

Boeing Satellite Systems will be consolidated into Space and Intelligence Systems. This will enable Boeing to weather the downturn in the commercial satellite market. Dave Ryan, vice president of Boeing Satellite Systems, will continue to lead the satellite manufacturing unit and now reports to Roger Roberts, senior vice president, Space and Intelligence Systems.

Expendable Launch Systems, which produces and operates the Delta family of launch vehicles, has become primarily a government supplier with the Air Force as a major customer. As such, the launch systems business will be aligned with Air Force Systems. Will Trafton, vice president and general manager of Expendable Launch Systems, will continue to lead the launch business and now reports to George Muellner, senior vice president, Air Force Systems.

Rocketdyne Power and Propulsion, the builders of the Space Shuttle Main Engine and power generation systems onboard the International Space Station, will become part of NASA Systems. Byron Wood, vice president and general manager of Rocketdyne, will continue to lead the business and now reports to Mike Mott, vice president and general manager, NASA Systems. This will enable Boeing to better support its NASA customer on human space flight operations, exploration, and the emerging nuclear propulsion business.

These changes supplement the creation of the Integrated Defense Systems Office of the President and the appointment of Boeing executive vice president Dave Swain, former Boeing Chief Technology Officer, to the unit's Chief Operating Officer. Prior to becoming a member of the Office of the Chairman and Chief Technology Officer, Swain held various leadership positions within Boeing Phantom Works, and the company's military aircraft, missiles and transport businesses.

"The performance of our defense and intelligence businesses has been exceptional during its first year," Albaugh said. "We have grown the business and executed on our customers' programs. In the commercial space segment, we've seen the market dip to historic lows and do not expect a near-term recovery. In addition, we have had performance problems in this area.

"In his new role, Dave Swain will focus on operational excellence," Albaugh said. "He brings a wealth of experience and technical knowledge. As we continue to partner with our customer to transform the way in which they operate, Dave's experiences in Phantom Works and our military businesses will be an enormous asset to Integrated Defense Systems."

The realignment is expected to have minimal impact on employment. To ensure consistency and transparency into the performance of Integrated Defense Systems, the company will continue to report financials along its four established reporting segments.

A unit of The Boeing Company, Boeing Integrated Defense Systems is one of the world's largest space and defense businesses. Headquartered in St. Louis, Boeing Integrated Defense Systems is a \$25 billion business. It provides systems solutions to its global military, government and commercial customers. It is a leading

provider of intelligence surveillance and reconnaissance; the world's largest military aircraft manufacturer; the world's largest satellite manufacturer and a leading provider of space-base communications; the primary systems integrator for U.S. missile defense; NASA's largest contractor; and a global leader in launch services.

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