

Boeing Selling Commercial Electronics Unit to BAE Systems North America

The Boeing Company [NYSE: BA] today said it is selling to BAE Systems North America its Commercial Electronics unit based in Irving, Texas. The Commercial Electronics business will become part of BAE Systems' Platform Solutions Sector, which provides a broad range of capabilities and products for commercial and military aircraft.

Boeing did not disclose terms of the agreement. The sale includes all of the unit's operations and the service center at the Irving, Texas facility; the London and Singapore service centers; and certain portions of the unit's operations in Puget Sound. Approximately 800 people work for the unit, most of them in Irving.

"In July 2003 we announced our intention to seek a buyer for the Commercial Electronics business, one who would enjoy a long-term relationship with Boeing in designing, building, and servicing high-quality electronic products. I believe we have found the right buyer in BAE Systems to fulfill that goal," said Mary Armstrong, vice president and general manager of Boeing Commercial Airplanes Fabrication Division. "BAE Systems also is a good corporate citizen in the communities where it operates."

The sale supports the strategy of Boeing to focus its operations on large-scale systems integration activities.

The Commercial Electronics unit designs, manufactures and supports a wide range of commercial aerospace avionics products used on nearly all Boeing commercial airplane programs. As part of the sale, Boeing entered into a single-source supply agreement with BAE Systems.

"Boeing Commercial Electronics is a widely respected and highly capable organization, and we are delighted that it will become part of BAE Systems," said James Scanlon, Platform Solutions Sector president. "Commercial Electronics' strengths are highly complementary with our existing commercial business, and this acquisition will greatly enhance our partnership with Boeing Commercial Airplanes."

Closing of the sale is expected sometime in the third quarter of 2004, subject to regulatory approvals. Morgan Stanley acted as Boeing's advisor on this transaction.

More information about BAE Systems can be found at the company's North American web site.

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