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The Boeing Company [NYSE:BA] announced today that it has reached an agreement to sell its Rocketdyne Propulsion & Power business to Pratt & Whitney, a United Technologies company [NYSE:UTX], for approximately \$700 million in cash.

The transaction is subject to regulatory approvals and other customary closing conditions. Boeing expects to recognize a gain on the sale.

Rocketdyne is primarily a rocket engine developer and builder, and provides booster engines for the Space Shuttle and the Delta family of expendable launch vehicles, as well as propulsion systems for missile defense systems. The divestiture includes sites and assets in California, Alabama, Mississippi and Florida. Approximately 3,000 people support the operations at those sites

"This transaction makes sense for Boeing, for Rocketdyne's employees and customers, and for Pratt & Whitney," said Jim Albaugh, president and chief executive officer of Boeing Integrated Defense Systems. "The acquisition of Rocketdyne by Pratt & Whitney will benefit our customers, as Pratt & Whitney is a company dedicated to the business of propulsion and is in the best position to build upon Rocketdyne's proud heritage. I have great confidence that the proud legacy of Rocketdyne from Mercury to Saturn V to the Space Shuttle will be in good hands. The sale also reinforces our strategic business aim to be horizontally -- not vertically -- integrated."

Albaugh said that Boeing would continue to build launch systems and that the divestiture would enable Boeing to serve its customers more effectively, while preserving the company's ability to contract with Rocketdyne for continued use of its capabilities and expertise.

"UTC companies are at the cutting edge of technology in all business segments and we believe Rocketdyne's rich heritage of technology excellence and innovation is a great addition to our portfolio," said Louis R. Chenevert, president of Pratt & Whitney. "We look forward to working with Boeing, NASA, the Department of Defense and other customers to continue the high level of service that Rocketdyne has always provided."

Rocketdyne Propulsion & Power was formerly owned by North American Aviation and Rockwell International, and has been the premiere rocket propulsion provider in the nation for more than a half-century. As part of Boeing Integrated Defense System's Launch & Orbital Systems segment, the business being divested generated nearly \$700 million in revenue during 2004. Sales to Boeing have typically represented about a third of Rocketdyne's sales.

From its beginnings following World War II, Rocketdyne has been at the forefront in rocket engine development, testing and performance. In the 1950s, Rocketdyne engines put the first U.S. satellites into orbit, and the company continued as an integral part of the Mercury, Gemini and Apollo programs that put humans on the moon. Rocketdyne supplied the main engines for the Space Shuttle in the 1980s and has continued to build booster engines for Atlas and Delta expendable launch vehicles. And recently, Rocketdyne developed and has flown the RS-68, the first large liquid-fueled American booster engine in a generation.

Credit Suisse First Boston acted as financial advisor to Boeing on this transaction.

United Technologies, based in Hartford, Conn., is a diversified company that provides high technology products and services to the commercial building industry and the military and commercial aerospace industry. In addition to Chubb, Otis, Carrier and UTC Power, United Technologies' companies include Pratt & Whitney, Hamilton Sundstrand and Sikorsky Aircraft.

Pratt & Whitney is a world leader in the design, manufacture and service of aircraft engines, space propulsion systems and industrial gas turbines.

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 \$30.5 billion business. It provides network-centric system solutions to its global military, government, and commercial customers. It is a leading provider of intelligence, surveillance and reconnaissance systems; the world's largest military aircraft manufacturer; the world's largest satellite manufacturer and a leading provider of space-based communications; the primary systems integrator for U.S. missile defense and Department of Homeland Security; NASA's largest contractor and a global leader in launch services.

SafeHarborStatement / Forward-Looking Statements

Certain statements contained in this press release are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and it is Boeing's intent that such statements be protected by the safe harbor created thereby. Words such as "expects," "believes" and similar expressions

are used to identify forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to: (a) the risk that the transaction may close more slowly than expected or not at all; (b) the risk that the cost savings arising out of the transaction may be less than anticipated, and (c) other risks and uncertainties detailed from time to time in Boeing's filings with the Securities and Exchange Commission.

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