

Boeing Acquires Insitu to Expand Capabilities in Unmanned Systems

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ST. LOUIS, July 22 /PRNewswire-FirstCall/ -- The Boeing Company (NYSE: BA) today announced an agreement to acquire Insitu, Inc., a pioneer in the unmanned air systems (UAS) market and leader in the design, development and manufacture of high-performance, low-cost UAS used for intelligence, surveillance and reconnaissance (ISR).

Boeing and Insitu have partnered since 2002 and together developed the successful ScanEagle™ UAS program, which has more than 100,000 operational flight hours with the U.S. Department of Defense and international customers. Insitu's key technologies and advanced capabilities in rapid prototyping and manufacturing are driving its revenue to an anticipated \$150 million this year, 70 percent higher than in 2007, and have it well positioned for the future.

"Increasingly our customers are seeking advanced unmanned aerial solutions to address a wide range of requirements for ISR missions," said Jim Albaugh, president and CEO of Boeing Integrated Defense Systems. "The Boeing-Insitu team has been successfully delivering much-needed capability to the warfighter in a changing threat environment. Bringing these outstanding teams together will accelerate deployment of the next generation of unmanned systems to our U.S. and allied service members."

Terms of the cash transaction were not disclosed. This transaction, anticipated to close by the end of September following regulatory approvals, does not affect Boeing's financial guidance. Once acquired, Insitu will be a separate subsidiary under Boeing Integrated Defense Systems' Military Aircraft unit. It will retain an independent operating model while benefiting from Boeing's vast resources.

"This acquisition is part of a larger plan to aggressively grow our presence in the unmanned systems market," said Chris Chadwick, president, Boeing Military Aircraft. "We look forward to building upon our existing relationship with Insitu to deliver industry-leading tactical unmanned systems and services to our customers."

Founded in 1994 as an entrepreneurial start-up, Insitu, located in Bingen, Wash., designs, develops and manufactures UAS for commercial and military applications. It built the first UAS to cross the Atlantic Ocean, and today has approximately 360 employees.

"This agreement allows us to leverage the breadth and strength of Boeing to get our organization to the next level," said Steven Sliwa, president and CEO of Insitu. "At the same time, it allows us to retain the unique culture and environment that have driven the continuous innovation and entrepreneurial agility that have us positioned as a leader in our market."

A unit of The Boeing Company, Boeing Integrated Defense Systems is one of the world's largest space and defense businesses specializing in innovative and capabilities-driven customer solutions. Headquartered in St. Louis, Boeing Integrated Defense Systems is a \$32.1 billion business with 71,000 employees worldwide.

Forward-Looking Information Is Subject to Risk and Uncertainty

Certain statements in this report may constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "intends," "plans," "projects," "believes," "estimates," and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements in this press release include, among others, statements regarding future results as a result of our growth and productivity initiatives, our 2008 and 2009 financial outlook and the benefits of the IDS structure. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak only as of the date they were made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Our actual results and future trends may differ materially depending on a variety of factors, including the continued operation, viability and growth of major airline customers and non-airline customers (such as the U.S. Government); adverse developments in the value of collateral securing customer and other financings; the occurrence of any significant collective bargaining labor dispute; our successful execution of internal performance plans including our company-wide growth and productivity initiatives, production rate increases and decreases (including any reduction in or termination of an aircraft product), availability of raw materials, acquisition and divestiture plans, and other cost-reduction and productivity efforts; charges from any future SFAS No. 142 review; ability to meet development, production and certification schedules for the 787 program and the ability to meet scheduled

deliveries of the 787 airplane; technical or quality issues in development programs (affecting schedule and cost estimates) or in the satellite industry; an adverse development in rating agency credit ratings or assessments; the actual outcomes of certain pending sales campaigns and U.S. and foreign government procurement activities, including the uncertainty associated with the procurement of tankers by the U.S. Department of Defense (DoD) and funding of the C-17 program; the cyclical nature of some of our businesses; unanticipated financial market changes which may impact pension plan assumptions; domestic and international competition in the defense, space and commercial areas; continued integration of acquired businesses; performance issues with key suppliers, subcontractors and customers; significant disruption to air travel worldwide (including future terrorist attacks); global trade policies; worldwide political stability; domestic and international economic conditions; price escalation; the outcome of political and legal processes, changing priorities or reductions in the U.S. Government or foreign government defense and space budgets; termination of government or commercial contracts due to unilateral government or customer action or failure to perform; legal, financial and governmental risks related to international transactions; legal and investigatory proceedings; tax settlements with the IRS and various states; U.S. Air Force review of previously awarded contracts; costs associated with the exit of the Connexion by Boeing business; and other economic, political and technological risks and uncertainties. Additional information regarding these factors is contained in our SEC filings, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.

SOURCE: The Boeing Company

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