Boeing to Acquire Federated Software Group to Enhance Logistics Command and Control, Supply Chain Operations

ST. LOUIS, Oct. 16 /PRNewswire-FirstCall/ -- The Boeing Company (NYSE: BA) today announced an agreement to acquire Federated Software Group, a St. Louis- based company whose engineering services and software systems help track and distribute equipment and personnel for the U.S. Department of Defense.

Federated Software Group is the integrator for several critical command and control systems and provides engineering services for government contracting and billing systems. The U.S. Air Force Air Mobility Command uses Federated Software Group applications to track the planes, pilots, passengers and cargo involved in airlift and aerial refueling operations. The company's applications also are used by the U.S. Transportation Command to track and optimize air, land and sea mobility operations around the world.

"With our troops deployed in more than 125 countries around the world, our military and government customers are demanding the kind of enhanced logistical efficiency and supply chain situational awareness that Federated Software Group enables through their world-class engineering and software products," said Jim Albaugh, president and CEO of Boeing Integrated Defense Systems (IDS). "Adding the Federated Software Group team to Boeing's expanding Global Services & Support business will ensure that we can put that support where and when the men and women of the armed services need it most."

Terms of the cash transaction were not disclosed. Once acquired, Federated Software Group will operate within IDS Global Services & Support. This transaction, anticipated to close by the end of the year, does not affect Boeing's financial guidance.

"The acquisition of Federated Software Group complements our decision to buy Tapestry Solutions, which we announced last month," said Dennis Muilenburg, president of Global Services & Support. "Both acquisitions are key moves in our strategy to significantly expand our presence in the logistics command and control marketplace with existing, mature contracts and customer relationships."

Douglas Nelson, Federated Software Group CEO, added, "We are absolutely delighted to be joining The Boeing Company and working with them on their future vision for integrated world-wide command and control and logistics. Our capability to develop and support key command, control and logistics decision support systems will be greatly enhanced by Boeing's demonstrated ability to deliver large-scale commercial and military products and support services."

Federated Software Group has approximately 150 employees, with the majority located in St. Louis.

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, and the world's largest and most versatile manufacturer of military aircraft. 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 Reports on Form 10-Q for the quarters ended March 31 and June 30, 2008.

SOURCE: The Boeing Company

CONTACT: Fernando Vivanco, +1-562-797-4582, fernando.vivanco@boeing.com,
or Chris Haddox, +1-314-234-6447, chris.d.haddox@boeing.com, both of Boeing
Communications

Web site: http://www.boeing.com/