
PRESS RELEASE

BOEING ACQUIRES UAV DEVELOPER FRONTIER SYSTEMS, INC.

Chicago, IL - May 4, 2004: Boeing (NYSE: BA) announced Tuesday it has acquired Frontier Systems Inc., developer of the A-160 Hummingbird and Maverick unmanned aerial vehicles (UAV). Frontier's platforms and technologies add to Boeing's portfolio and capabilities in unmanned systems that include the Joint Unmanned Combat Air System X-45, ScanEagle and other concepts under development. Terms of the acquisition have not been disclosed.

"Frontier Systems is well known in the UAV field for its innovative systems and technologies," said Mike Heinz, vice president and general manager of Boeing Phantom Works Integrated Defense Advanced Systems. "By enhancing our ability to meet the diverse UAV needs of our customers, this acquisition strengthens our position as a key player in the unmanned systems market."

The privately held Frontier Systems has about 70 employees and was formed in 1991. Frontier is based in Irvine, Calif., and also has operations in Victorville, Calif., for flight-test operations. "For years we've been looking for the right company to take Frontier's programs into production," said Gale Kerem, Frontier Systems executive vice president and chief financial officer. "Boeing provides the perfect complement of people and technology for further developing and producing the Hummingbird and making it even more versatile and effective for a wide variety of domestic and international markets."

The A-160 Hummingbird, a vertical take-off-and-landing UAV, has been designed to fly up to 2,500 plus nautical miles with 30 to 40 hour endurance. Its modular payload design can carry up to 1,000 pounds. The A-160 offers range and endurance unprecedented in the history of helicopter UAV design. It will provide reconnaissance, surveillance, target acquisition, communication relay, precision re-supply, sensor delivery and eventually precision attack capabilities.

The A-160's unique characteristics address current and emerging requirements of the U.S. armed forces, Department of Homeland Security, and international military and security organizations. Frontier also sells the Maverick UAV, a retrofitted commercially available helicopter, to the U.S. Special Operations Command. The Maverick UAV has also been used as a test bed for A-160 technologies.

Boeing Phantom Works will complete development of the Hummingbird and then transfer the program to Boeing Integrated Defense Systems (IDS). Phantom Works recently transferred the Joint Unmanned Combat Air System X-45 program to IDS.

Phantom Works is the advanced research and development unit and catalyst of innovation for the Boeing enterprise. Through its Integrated Defense Advanced Systems group, it provides leading edge systems and technology solutions to Boeing Integrated Defense Systems, one the world's largest space and defense businesses.

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