

BOEING STATEMENT

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Boeing has been notified that the Air Force intends to procure two additional satellites for the Wideband Global SATCOM (WGS) program. The program is meeting all financial and schedule commitments under fixed-price terms, and has delivered three of the six satellites ordered thus far. The incremental cost of additional satellites will result in average unit costs for the program that exceed applicable Critical Cost Growth thresholds, triggering a review of the program. The two additional satellites will cost more to build than the previous satellites for various reasons including breaks in production and mitigation of obsolete supplier parts.

All WGS satellites were procured under fixed-price contracts, and the pricing was validated by the government as fair and reasonable. The new satellites will be functional clones of the Block II satellites, WGS vehicles #4 through #6, and the Government will again validate pricing under a new contract.

The program has been lauded by the customer and by independent industry associations as an example of a solid and successful program. Boeing is working closely with the Air Force to responsively support the Critical Cost Growth review, and is committed to continuing its delivery of WGS satellites that meet the needs of our armed forces.