Boeing Deepwater Team Delivers Proposal to U.S. Coast Guard; Team Poised to Provide System Solution for Future Operations

The Boeing Company [NYSE: BA] "Deepwater One Team" has delivered a $2.3-billion proposal to the U.S. Coast Guard for the design and development of an Integrated Deepwater System (IDS) that will help the Coast Guard meet vital offshore operational requirements through the 21st century.

The Boeing-led team comprises numerous industry partners and primary subcontractors, including: European Aeronautic, Defense and Space (EADS) Construcciones Aeronáuticas S.A. (CASA) of Madrid, Spain; Eurocopter, an EADS Company, of Marignane, France; John J. McMullen Associates Inc. (JJMA) of Alexandria, Va.; and Northrop Grumman Ship Systems Avondale Operations, a subsidiary of Northrop Grumman Corporation, located in New Orleans, La.

The transatlantic team's proven capability in large-scale systems integration and demonstrated successes in partnering with customers is aimed at providing a best-value system solution to the Coast Guard for its planned multibillion-dollar, two-decade-long fleet upgrade and replacement initiative.

"Deepwater is an inherently complex and challenging program, but a very necessary one, particularly in light of recent national events, " said Boeing Deepwater Program Manager Jerry Woolever. "Despite the technological limitations they face in their day-to-day work with aging assets and less-than-robust communications systems, Coast Guard men and women continue to demonstrate exemplary performance as they keep America's waters safe. We are committed to helping the Coast Guard maintain that legacy of achievement by focusing on increasing operational effectiveness and reducing total ownership costs to provide a systems solution that will ensure their continued safety and success."

The Deepwater Capability Replacement Program, informally referred to as the Deepwater program, was established in 1996. The Deepwater program is a $12-billion, 20-year Coast Guard initiative to recapitalize the fleet of specialized ships, aircraft and sensors that operate in the deepwater mission environment, typically greater than 50 miles offshore. Approximately 90 ships, 70 fixed wing, 130 rotor wing and 120 shore sites will be upgraded or replaced with an integrated system of surface, air, command and control, and logistics capabilities. New ships, fixed wing aircraft and helicopters will be introduced into the fleet as the Coast Guard's operational tempo increases and deepwater mission requirements continue to evolve, particularly in the areas of maritime safety, law enforcement, environmental protection and national defense.

Boeing is leading one of three competing industry teams pursuing the contract to develop, field and sustain the system. A five-year contract with renewable terms is expected to be awarded in June 2002. One winner will be selected as prime and will have responsibility for implementation of the new IDS. Deployment of the system will start in year one and is expected to continue for the next 15 to 20 years.

As prime contractor, Boeing has responsibility for the system integration, information and communications systems and logistics. CASA will concentrate on fixed aircraft and Eurocopter will supply rotary wing helicopters. JJMA will have responsibility for naval architecture and marine engineering. Northrop Grumman Ship Systems Avondale Operations will be the shipbuilder. Program activity will be managed out of Boeing's Battle Management Command, Control and Communications (BMC3) and Strategic Systems business segment in Anaheim, Calif.

To reduce risk and ensure a smooth transition from the legacy to the new Deepwater force structure, the Coast Guard has created the role of systems integrator to oversee the execution of the project. Boeing, with vast experience in the development, design and deployment of large-scale systems, offers a low-risk approach by implementing proven systems and processes from complex programs such as Ground-based Midcourse Defense Segment (GMDS), Airborne Warning and Control System (AWACS) and Space Shuttle. Boeing also has expertise in command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) which will ultimately enable enhanced interoperability among Coast Guard units and other agencies, and will provide the Coast Guard with a more coherent operating picture.

Boeing's large system expertise, coupled with the entire team's collective strength in the areas of manufacturing capability, proven design processes, technical skills and experience with the Coast Guard, brings a best-value system solution to the customer.

"We have assembled a world-class team that draws upon the best industry has to offer, with demonstrated experience that is directly applicable to the Deepwater solution," Woolever said. "Our teammates have products that are currently in the Coast Guard Deepwater inventory, and we are using their invaluable experience of day-to-day use of their products in formulating our Deepwater solution that emphasizes interoperability with the Department of Defense and other federal agencies."

Approximately 500 individuals at 14 sites within the United States and three sites in Europe contributed to the overall proposal effort.

"The end result of the team's collective dedication and effort is a flexible systems solution that will help bring the Coast Guard through the 21st century, and will enable them to continue to be a viable and technologically capable force well into the future, "

Woolever said.

The Boeing Company is the largest aerospace company in the world and the United States' leading exporter. It is NASA's largest contractor and the largest manufacturer of commercial jetliners and military aircraft. The company's capabilities in aerospace also include rotorcraft, electronic and defense systems, missiles, rocket engines, launch vehicles, satellites, and advanced information and communication systems. The company has an extensive global reach with customers in 145 countries.

###

For further information:
Mary McAdam
(714) 762-0178
mary.m.mcadam@boeing.com