

Boeing Delivers First CF-18 Aircraft from Modernization Project

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Boeing [NYSE: BA] officials delivered the first production aircraft from the Canadian Forces CF-18 Modernization Program, Phase 1, to the Department of National Defence in a ceremony held today at Macdonald-Cartier International Airport. Accepting on behalf of the department was the Honourable John MacCallum, Minister of National Defence.

The Phase 1 program, valued at CAD\$880 million, will modernize the fleet of 80 CF-18 aircraft to the specifications of newer models through avionics configuration upgrades. Completion of Phase 1 of the contract will bring the Canadian Air Force into full inter-operability with Allied forces. Boeing was awarded the contract in April of 2001. As part of its contract with the Government of Canada, Boeing is committed to provide CAD\$507.5 million in industrial regional benefits throughout Canada. "Today is another proud moment in our 80 year history in Canada," said Tony Parasida, Boeing vice president for the F/A-18 program. "Delivering this aircraft, on time and on budget, is testimony to the world class team we formed to meet a vital requirement of the Canadian Armed Forces."

This first phase of CF-18 modernization is a cornerstone project that entails the procurement and installation of a new radar, "Have-Quick" jam-resistant radios, Combined Interrogator/ Transponders, Stores Management Systems, Mission Computers and Embedded Global Positioning Systems/Inertial Navigation Systems. The project consists of 2 phases. Phase 1 is scheduled to be completed in 2006 and Phase 2 to begin in 2006.

Boeing contributes approximately CAD\$1.5 billion annually to the Canadian economy, directly employs around 2,000 highly skilled workers while supporting an estimated 30,000 others through direct and indirect employment. The Company also has a significant presence across the region with plants located in Arnprior, Winnipeg and Toronto, as well as a software company, AeroInfo Systems Inc., in Richmond, British Columbia, which provides sophisticated maintenance-planning software applications for the airline industry.

The Boeing Company is the world's leading aerospace company, with its heritage mirroring the history of flight. It is the largest manufacturer of satellites, commercial jet liners and military aircraft. The company is also a global market leader in missile defense, human space flight and launch services. Chicago-based Boeing has an extensive global reach with customers in 145 countries.

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