

Boeing 767 Tanker Solves a Critical Air Refueling Need

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During the 1950s, at the height of the Cold War, America's defense posture rested squarely on the shoulders of the U.S. Air Force's strategic nuclear bomber fleet. Carrying heavy payloads, the bomber force had to be able to take off, fly thousands of miles and deliver their payloads. The critical element: air refueling. In 1956, the first KC-135 Stratotanker entered the Air Force inventory.

From this single initial air refueling role, the KC-135 has since taken on multi-purpose roles. Today this fleet is called upon to provide aerial refueling support to Air Force, Navy and Marine Corps aircraft, greatly enhancing the United States' capability for global power projection. The KC-135 also provides air refueling support to aircraft of allied nations.

Tankers enable the nation to conduct combat operations, provide humanitarian relief, deploy military forces anywhere and protect the American homeland. As the Air Force tanker report to Congress states, without a robust and reliable tanker force, no war plan or humanitarian mission can be flown without permission of other nations to land and refuel. The report concludes, "In short, our National Security Strategy is unexecutable without air refueling tankers."

Recent U.S. air operations over Kosovo, Afghanistan and Iraq demonstrate the critical role that tanker aircraft play in sustained air campaigns. During the 1991 Gulf War, 17,000 tanker sorties were flown. Supporting operations over Afghanistan, the Air Force flew more than 5,000 tanker sorties, refueling virtually every aircraft going into theater for operations during the first several weeks of the conflict. On one mission, 48 tanker aircraft were needed in support of the deployment of B-52s from the United States to Guam. Most recently, during the 30 days of intense operations in Operation Iraqi Freedom, more than 9,000 tanker sorties were flown.

The extensive requirements for aerial refueling are now being met by a tanker fleet increasingly constrained by accelerating age, declining availability and mounting upgrade and maintenance costs. Currently, the 100 plus KC-135Es, the oldest of the tanker fleet, spend an average of more than 400 days every five years in depot maintenance, work that requires an average of 50,000 man-hours per aircraft. Corrosion and structural repairs require the aircraft to spend more time in maintenance resulting in higher costs and lower availability. As a result of maintenance needs, 30 to 40 percent of the KC-135 tanker fleet is unavailable for operations at any given time.

Testifying before the Senate in May 2002, Secretary of the Air Force, James Roche told senators, "...Something is wrong if one-fifth of our KC-135 fleet has to be in major depot at any one time....At some point it's not wise to keep these things going. The 707s have catalytic corrosion problems where dissimilar metals are no longer separated as they were originally....Some of the aluminum is delaminating." As the need for tankers grows, the availability and cost-effectiveness of the tanker fleet will continue to decline.

To ensure the nation's continuing ability to protect its interests and to project power around the world, the Air Force wants to begin recapitalizing the aging tanker fleet as soon as possible. Even if modernization of the KC-135 fleet begins immediately and continues at a rate of 20 aircraft per year, it will still take 25-30 years to complete the effort. To get new tankers to U.S. warfighters as quickly as possible while also ensuring a fair and equitable value to the taxpayer, the Air Force, Department of Defense, Office of Management and Budget and The Boeing Company [NYSE: BA] worked over the course of 18 months to develop a tanker leasing program that would cost-effectively jumpstart tanker modernization.

The 100 KC-767s proposed for leasing would replace more than 100 of the forty-three year old KC-135E tankers -- aircraft that are significantly older than most of the pilots who fly them. The new KC-767 tanker will be the most modern and capable tanker in the world; it will carry 20 percent more fuel; will itself be

refuelable in flight; will have significantly more passenger and cargo carrying capability; and will refuel aircraft types from the Air Force, Navy, Marines and our allies on the same mission.

The 767 tanker lease proposed by the Air Force addresses the warfighter's needs, and provides fair value to the taxpayer. In addition, moving forward with the lease will also allow the accelerated retirement of the oldest and least capable KC-135E tankers, resulting in \$5.5 billion in savings associated with maintenance and upgrade efforts -- savings that more than offset all lease-related interests.

Increasing operational demands, accelerating costs and declining tanker availability means the Air Force must begin to replace the oldest KC-135s as soon as possible.

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