Boeing's 767 Tanker Aircraft Delivers More of Everything

The Boeing KC-767 tanker stands ready to provide a quantum leap forward for the U.S. Air Force's air refueling capability, replacing the oldest KC-135E tankers, which have been in service for more than 40 years. From the outset of negotiations, Air Force officials have maintained that the initiative would be approved only if it quickly put a required asset into the hands of the warfighter, while also representing a fair value for the American taxpayer. The proposed lease not only meets these criteria, but the improvements inherent in the 767 tanker ensure the American warfighter will have the most capable tanker available anywhere in the world.

The KC-767 tanker will:

- Provide 20 percent more fuel offload than the KC-135E it will replace
- Be able to take off with a full load from four times as many runways worldwide (1,100 plus more runways)
- Provide greater cargo and passenger capability than the KC-135E-- 19 versus 6 pallets, 200 versus 57 passengers
- Be able to refuel all U.S. and allied aircraft types on the same mission, unlike the KC-135E
- Possess capability to be refueled in air, unlike the KC-135E
- Have a modern, state-of-the-art digital cockpit, unlike the KC-135E
- Have greater electrical power and provisions for future upgrade to a "smart tanker" unlike the KC-135E
- Have worldwide access to spare parts used by the commercial 767 fleet (approximately 900 commercial 767 aircraft in service).

Not only will the KC-767 represent a significant improvement in capability, it will also be a more reliable aircraft and, therefore, available more of the time for operations. The amount of time that KC-135 tankers spend in depot maintenance has more than doubled in the past decade from an average of 158 days in 1991 to more than 400 days in 2001. From 1990 to 2000, the average number of KC-135 tankers that were out of service at any given time due to maintenance increased from approximately 90 aircraft to 175 and is predicted to increase to more than 200 aircraft by 2005.

By way of comparison, the KC-767 is projected to spend approximately 70 days in depot maintenance over the course of a decade, while the KC-135E is likely to spend more than 700 days in depot maintenance over the same time period. For a resource so much in demand, this declining availability causes a significant impediment to cost-effective operations.

The proposed lease of 100 KC-767 tankers is the result of more than 18 months of negotiations between the Air Force, DOD, Office of Management and Budget and The Boeing Company [NYSE: BA]. The lease is 50 percent less expensive than the $31 billion Congressional Budget Office estimate in May 2002. By leasing, the warfighter will get 100 new and more capable tankers five years earlier than under a direct government purchase. Additionally, a lease will allow the Air Force to accelerate the retirement of more than 100 of the oldest KC-135E tankers and capture $5.5 billion in maintenance and upgrade savings -- savings which more than offset all lease-related interest. Also, the Air Force has been guaranteed "Most Favored Customer" pricing -- meaning the taxpayers will receive a rebate if Boeing sells anyone a 767-200 "green" aircraft for less than the agreed-upon price.

This unique lease arrangement makes great sense for both the Air Force and the taxpayer. It brings the most capable, state-of-the-art tanker in the world to the warfighter sooner than through a direct purchase, while bringing value to American taxpayers.

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