Boeing Awarded $117 Million Prime Contract for Second Phase of the Canadian CF-18 Aircraft Modernization Project

After successfully passing the midway point on the first phase of modernization of the Canadian Forces' CF-18 aircraft, the Canadian Department of National Defence and Boeing [NYSE: BA] today signed a new $117 million (Cdn) contract naming Boeing as the prime contractor for the next phase.

The contract signing ceremony for Phase 2 of the CF-18 Modernization Project took place at Mirabel International Airport, Quebec.

"Boeing is committed to continuing to provide the Canadian government, and Canada 's Air Force, with high quality service and timely delivery of the CF-18 Modernization Project," said Chris Chadwick, Boeing F/A-18 Programs Vice President. "We are very proud of the fact that we have delivered Phase 1 on time and on budget, and we intend to continue to uphold these high standards of performance for Phase 2."

The aim of the CF-18 Modernization Project is two-fold: to bring the Canadian Air Force's fleet of 80 CF-18 Hornets into full inter-operability with the aircraft of key allies; and to extend the life of the aircraft through 2017. The eight-year, two-phased project includes modernizing specifications of newer models through an avionics configuration upgrade program. This approach allows Canadian Forces uninterrupted access and use of its CF-18 fleet.

The contract for Phase 1 of the project, valued at $880 million (Cdn), was awarded to Boeing in April 2001 and concludes in 2006. Phase 1 equipped the CF-18s with improved communication and navigation capabilities, including a new, state-of-the-art mission system for communications purposes, an APG-73 radar system that is compatible with NATO ally air forces, a stores management system for weapon system and associated equipment control and a combined interrogator/transponder system that ensures allies recognize Canadian CF-18 aircraft as friendly aircraft. Boeing's sub-contractor for installation of these systems is L3Com Canada (Military Aviation Services) at Mirabel.

Phase 2 of the modernization project will add a data link system, a helmet mounted sight system, new color cockpit displays and a new chaff and flare dispensing electronic warfare system to the CF-18 Hornets. Boeing will provide program management services, installation kits and color displays. Phase 2 is scheduled to begin in 2006 and conclude in 2009.

Boeing's quality execution of the CF-18 project has been recognized and acknowledged in Canada. Apart from the performance on the prime contract, the industrial offset obligations are ahead of schedule. "We feel this contract is a result of the Department of National Defence's confidence in Boeing, which is a positive advancement given other opportunities Boeing is pursuing in Canada," said Chadwick.

Boeing contributes approximately $1 billion (Cdn) annually to the Canadian economy, directly employs around 1,500 highly skilled Canadians in four facilities and several thousand more indirectly through its supply chain of some 200 companies.

A unit of The Boeing Company, Boeing Integrated Defense Systems is one of the world's largest space and defense businesses. Headquartered in St. Louis , Boeing Integrated Defense Systems is a $30.5 billion business. It provides network-centric system solutions to its global military, government, and commercial customers. It is a leading provider of intelligence, surveillance and reconnaissance systems; the world's largest military aircraft manufacturer; the world's largest satellite manufacturer and a leading provider of space-based communications; the primary systems integrator for U.S. missile defense and Department of Homeland Security; NASA's largest contractor; and a global leader in sustainment solutions and launch services.
###

For further information:
Patricia Frost
office: (314) 234-6996
mobile: (314) 705-0895
patricia.a.frost@boeing.com
Sue Granville
GPC Public Affairs
office: (613) 238-2091, ext. 239
mobile: (613) 864-2091