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Canada's Department of National Defense has awarded Boeing [NYSE: BA] a \$39 million contract for installation of the second phase of an avionics upgrade for its 78 CF-18 aircraft. The upgrade will add a data link system, a helmet-mounted sight system, new cockpit displays and a new flare-dispensing electronic warfare system to the Hornets. Two additional aircraft will be modified for the essential validation and verification of the planned upgrade.

"Completing these upgrades provides Canada a cost effective solution to maintaining a very effective combat aircraft capability into the 21st century," said Pat Finneran, vice president and general manager of Boeing Logistics Support Systems. "Boeing is committed to providing the Canadian government and Canada's Air Force with high-quality service and timely delivery of the CF-18 Modernization Project. We are delivering Phase 1 on time and on budget, and we intend to continue to uphold these high standards of performance for Phase 2."

The goal of the eight-year, two-phased project which began in April 2001, is to bring the Canadian Air Force fleet of CF-18 Hornets into full interoperability with the equipment of key allies and extend the life of the aircraft through 2017. The project includes modernizing specifications of newer models through an avionics configuration upgrade program. This approach allows the Canadian forces uninterrupted access to and use of the CF-18 fleet.

Phase 1 equipped the CF-18s with improved communication and navigation capabilities, including new mission computers and radios 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 "friendlies."

Boeing's subcontractor for installation of these systems is L-3 MAS (Canada) inc. at Mirabel, Quebec. Boeing provides program management services, installation kits and color displays.

"The Modernization Program has been a total integrated product effort including the Canadian Forces, Boeing and Canadian industry," said Dave Beckering, Boeing F/A-18 program manager for Canada. "This contract is a direct result of the commitment and expertise of the team."

Boeing contributes approximately \$1 billion Canadian annually to the Canadian economy and directly employs more than 1,000 highly skilled Canadians in two 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.

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