Boeing Determined to Maintain Texas-Based Defense Business

The Boeing Company [NYSE: BA] today announced that it will compete aggressively for the continuation of significant U.S. Air Force support programs in Texas when it submits proposals for maintenance, repair, overhaul and logistics program contracts for KC-135 and KC-10 aircraft later this year.

The work, currently performed by Boeing in San Antonio, would continue under the KC-135 Programmed Depot Maintenance (PDM) and the KC-10 Contractor Logistics Support (CLS) contracts that are both being re-competed this year. Although Boeing is the incumbent and performing very well on both programs, the company is taking nothing for granted.

"Boeing is dedicated to continuing our maintenance, modifications and support business in the state of Texas," said Pat Finneran, president, Boeing Support Systems. "Our performance is outstanding on these two programs, and our proposals are very competitive. As we have implemented employee involvement and more efficient lean processes throughout our operations in San Antonio, I think history will show from the perspective of cost, schedule and quality, the warfighter has never received a finer product.

"Our team is doing a great job and is increasingly performing ahead of schedule and under cost," Finneran continued. "We believe we have the best offering on both programs for the Air Force in terms of cost savings and quality with planes being away from the fleet for fewer days."

Loss of either the KC-135 or the KC-10 work in San Antonio would have a significant economic impact on Texas. In 2005, Boeing spent nearly $1.5 billion with suppliers based in 161 communities across the state. Its earnings in the state topped $381 million with Houston, San Antonio, Richardson and Dallas benefiting the most. More than 40 communities in the state benefited from Boeing's corporate giving campaigns and its employees' generosity.

Following base re-alignment and closure of Kelly Air Force Base, Boeing partnered with the local community and the state to establish its San Antonio facility as a world-class maintenance, repair and overhaul operation for military aircraft. Texas provided job training and incentives to expand the facilities at Kelly to accommodate aircraft maintenance and new paint operations.

Employing approximately 1,700 people, the San Antonio facility's current and projected U.S. Air Force programs include the KC-135 PDM, KC-135 Global Air Traffic Management, the KC-10 CLS, C-130 Avionics Modernization Program (AMP) installations and the C-17 Globemaster III Sustainment Partnerships. Competitions for the KC-135 PDM, KC-10 CLS and C-130 AMP installation contracts are expected to occur between 2006 and 2010.

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 $30.8 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; a foremost developer of advanced concepts and technologies; a leading provider of space-based communications; the primary systems integrator for U.S. missile defense; NASA's largest contractor; and a global leader in sustainment solutions and launch services.
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Texas cities in which Boeing dollars are spent

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