

Boeing Completes First Phase of CF-18 Aircraft Modernization Project

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Boeing [NYSE: BA] today delivered the 80th modernized CF-18 aircraft to the Canadian Department of National Defence during a ceremony at L-3 Communications MAS in Mirabel, Quebec. The delivery marks the completion of Phase I of the CF-18 Modernization Project.

Canada awarded Boeing the first phase of the US\$436 million project in April 2001, followed by Phase II, valued at US\$135 million, in February 2005. Boeing selected L-3 Communications MAS as its prime sub-contractor to install several new systems throughout both phases.

"Canada was the Hornet's first international customer, purchasing 138 A- and B-model Hornets beginning in 1982," said Al DeQuetteville, vice president of Boeing in Canada. "Twenty-four years after the first CF-18 delivery, we are delivering the 80th modernized CF-18 aircraft, on time and on budget, as promised. Our demonstrated commitment to cost, schedule and quality sets the stage for critical Phase II activities as well as other potential opportunities for Boeing products in Canada."

Phase I upgrades include improved communications and navigation capabilities, including a state-of-the-art mission system, a NATO-compatible radar system, a stores management system for weapon system and associated equipment controls, and a combined interrogator/transponder system that ensures allies can easily recognize Canadian CF-18 aircraft.

The second phase, due for completion in 2009, adds a data link system, a helmet mounted sight system, color cockpit displays, and a chaff and flare dispensing electronic warfare system.

Boeing has been a major contributor and vital partner to the Canadian economy for nearly 90 years. Boeing recognizes the breadth and depth of the Canadian aerospace industry, consistently placing substantial amounts of work generated by its Canadian facilities in Winnipeg, Richmond and Montreal. More than 200 Boeing partners across Canada benefit from the company's commercial and defense contracts, earning an average of US\$600 million every year. As a result, Canada is Boeing's third-largest supplier network worldwide. Today, Boeing operations and supplier partnerships continue to generate approximately CDN\$1 billion annually.

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 and Department of Homeland Security; NASA's largest contractor; and a global leader in sustainment solutions and launch services.

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