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Boeing [NYSE: BA] has been awarded the second phase of a \$27 million U.S. Air Force contract for the Small Diameter Bomb I Focused Lethality Munition (SDB I FLM) Joint Capability Technology Demonstration program.

During the \$17.7 million second phase, Boeing will integrate the FLM warhead into the SDB I weapon, perform a series of ground and flight tests, and manufacture a limited number of FLM weapons.

"FLM is a significant advancement in low-collateral damage weaponry," said Boeing SDB Program Manager Dan Jaspering. "It will allow the warfighter to hit a lot of targets while minimizing the area of potential damage surrounding them."

The FLM warhead, developed by Lawrence Livermore National Laboratory and the U.S Air Force Research Laboratory, features an advanced, multi-phase blast explosive and a composite carbon fiber warhead case, allowing for pinpoint strikes with low collateral damage.

The weapons are slated for flight testing in August 2007. Boeing will deliver the first 50 weapons for operational assessment in January 2008, with the Air Force potentially procuring as many as 450 SDB I FLM units through 2012.

The all-weather SDB I has a standoff range of more than 40 nautical miles. At 71 inches long, the 250-pound class weapon quadruples the number of weapons each aircraft can carry. The Air Force deployed the system on the Boeing F-15E Strike Eagle in 2006.

Boeing will manufacture more than 24,000 such weapons and 2,000 carriages for the Air Force. The Air Force is investing \$1.2 billion for production, with deliveries planned beyond 2015.

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For further information:
Marguerite Ozburn
Boeing Global Strike Systems
(314) 306-0630
marguerite.a.ozburn@boeing.com