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The Boeing Company [NYSE: BA] has been awarded a 10-year, \$1.1 billion U.S. Air Force contract to continue providing programmed depot maintenance (PDM) for the nation's KC-135 Stratotanker fleet. Boeing will perform the work for more than 200 KC-135 aircraft at facilities in Texas, Oklahoma and Missouri.

Since the initial KC-135 PDM contract award in October 1998, Boeing has completed scheduled and unscheduled maintenance on more than 160 aircraft. Conducted every five years, scheduled PDM services include depot-level inspections, repairs, maintenance, modifications, re-painting and supply chain services. Unscheduled maintenance comprises about half of the work performed on each aircraft.

"The availability of the KC-135 as a tanker asset is vital to today's warfighters," said Pat Finneran, president of Boeing Support Systems. "Always on time, the Boeing KC-135 PDM program has a solid track record with proven results. Using Lean manufacturing and employee involvement initiatives, we have reduced the number of days the aircraft are out of service for maintenance by 19 percent, cutting costs by 15 percent per aircraft. Leveraging 75 years of tanker manufacturing and maintenance expertise, we can commit to a low-risk, cost-effective solution that offers a potential bridge to the KC-X."

KC-135 maintenance will continue to alternate between Tinker Air Force Base in Oklahoma and Boeing's Support Systems site in San Antonio, Texas, a licensed Federal Aviation Administration repair station and the company's largest maintenance and modification center.

The Texas-based center can house 23 wide-body aircraft at a time in its 1.6 million-square foot facility and is home to the world's largest freestanding high-bay aircraft hangar. In addition, there are 3.5 million square feet of aircraft ramp space, run-up areas, parking pads and an 11,500-foot runway. Flight-control repairs will continue to be performed by Sabreliner in Missouri and maintenance and repair of the aircraft fuel tanks will be completed by North American Aircraft Services (NAAS) in San Antonio. Sabreliner and NAAS are prime subcontractors for the program.

"I'm proud that the Air Force has continued to recognize Boeing's efforts on this project by awarding such a great opportunity," said U.S. Rep. Charles Gonzalez, D-Texas. "I commend Boeing on their hard work throughout this process, and I'm pleased that they'll continue to have a strong presence in San Antonio. This investment in our city will be a great addition to our already robust local economy, and I'm grateful that both Boeing and the Air Force will continue to reap the benefits of the flourishing business environment and talented workforce that exists in San Antonio."

The Boeing KC-135 PDM program management office is based in Oklahoma City, near Tinker Air Force Base. Approximately 300 Boeing employees work on the KC-135 PDM program in San Antonio, while 80 Boeing employees in Oklahoma and 75 Boeing employees in Missouri support the program. The company expects to hire about 200 additional employees in San Antonio as more aircraft arrive for maintenance.

"I am pleased to learn that Boeing has been awarded this contract, and I commend the Air Force for a sound decision," said U.S. Sen. John Cornyn, R-Texas. "Boeing has a proven track record of performance and reliability in support of our KC-135 fleet, so it was no surprise to hear that it had won the competition."

A unit of The Boeing Company, Boeing Integrated Defense Systems is one of the world's largest space and defense businesses specializing in innovative and capabilities-driven customer solutions. Headquartered in St. Louis, Boeing Integrated Defense Systems is a \$32.4 billion business with 72,000 employees worldwide.

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