Boeing Submits Final KC-767 Advanced Tanker Proposal to U.S. Air Force

ST. LOUIS, Jan. 03, 2008 -- The Boeing Company [NYSE: BA] today submitted its final KC-767 Advanced Tanker (AT) proposal for the U.S. Air Force's KC-135 Tanker Replacement Program.

"We have completed this KC-X process the way we began it -- by listening to our Air Force customer," said Jim Albaugh, president and CEO of Boeing Integrated Defense Systems. "We believe the KC-767 Advanced Tanker will be evaluated as the most capable, technologically advanced and affordable tanker for America."

This final proposal is the culmination of a process that began when Boeing submitted its original proposal in April 2007. Since then, the Air Force has worked with the competitors to enable them to thoroughly understand USAF tanker requirements in order to submit the most optimal solution. The final Boeing proposal for the KC-767AT is tailored to meet or exceed all of the Air Force's mission requirements. For example, using ground rules in the KC-X Request for Proposal, nearly twice as many KC-767s can be based on a parking ramp compared to the competitor's oversized aircraft. Those additional KC-767s will provide more critical fuel to receiver aircraft closer to the fight while requiring fewer bases to support tanker operations.

Boeing's tanker also will carry three times more cargo and passengers than the KC-135 without sacrificing the operational flexibility delivered by a medium-sized aircraft. In contrast, the competitor's offering would be the second largest aircraft in the Air Force's inventory and provide unnecessary capacity.

Technology advances on the KC-767AT include a sixth-generation, fly-by-wire boom that can offload more than 1,000 gallons of fuel per minute; a third-generation remote vision refueling system; and a state-of-the-art digital flight deck designed for the commercial 767-400ER. In addition to LCD flat panel displays and an integrated flight management system, tanker pilots will have two new systems available -- an electronic flight bag and a heads-up guidance system -- that will improve situational awareness and mission effectiveness.

As the Department of Defense's largest consumer of fuel, the Air Force needs the most efficient, best value tanker for the future. Burning 24 percent less fuel than its competitor, the KC-767 will save the service and American taxpayer an estimated \$14.6 billion. The KC-767 also will save approximately \$4 billion if selected since it costs 22 percent less to maintain than its competitor.

Boeing has been designing, building, modifying and supporting tankers for nearly 75 years, and is flying KC-767s today with more than 330 flights and nearly 1,000 hours on the tanker platform. The team producing the KC-767AT includes Honeywell, Rockwell Collins, Vought Aircraft Industries, Pratt & Whitney, Smiths Aerospace, Spirit AeroSystems and Delta TechOps. Nationwide, the program will support 44,000 American jobs and 300 suppliers.

The KC-767 Advanced Tanker will be an advanced derivative of the future 767-200 Long Range Freighter and will be produced at Boeing's facilities in Everett, Wash., on the existing commercial line where more than 950 highly reliable and maintainable 767s have been built. Installation of military refueling systems and flight test activities will take place at the company's finishing center in Wichita, Kan.

A unit of The Boeing Company, Boeing <u>Integrated Defense Systems</u> 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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