Boeing Contracts in Quebec Exceed $420 Million

MONTREAL, QUEBEC, Jan. 21, 2008 -- The Boeing Company [NYSE: BA] today announced that it has provided contracts worth more than $420 million to companies in Quebec.

The announcement follows the Canadian government's 2007 order for four C-17 Globemaster IIIs, the first two of which already are in service with Canadian Forces.

Speaking today at an event hosted by Industry Canada in Montreal, Mark Kronenberg, Boeing Integrated Defense Systems vice president for International Business Development, explained that Boeing was well on track for meeting the Canadian government's Industrial Benefits (IB) policy.

"Boeing will match every dollar spent by the Canadian government in acquiring its C-17 fleet by partnering with and issuing contracts to companies in Canada," said Kronenberg. "This will result in long-term, high-value jobs for Canadians and will further embed Boeing as a long-term partner with Canadian industry, particularly with our partners here in Quebec."

As part of the C-17 acquisition contract, Boeing agreed to match the purchase price of the four aircraft with dollar-for-dollar investments back into the Canadian economy through a C-17 IB program coordinated by Industry Canada. Boeing already has identified more than 66 percent of its total C-17 IB program obligations.

Boeing will identify the remaining 34 percent of IB obligations over the next three years. Boeing also agreed to a collateral agreement that provides further industry benefits worth $750 million over 20 years for the in-service support of the C-17 fleet. To date, Boeing has signed contracts with several partners based in Quebec, including:

- **Bombardier**: Executive jets
- **CAE**: Civil aviation simulator
- **Eedo**: Force 10 training management tool system
- **Goodrich (subcontracted work)**: Goodrich has subcontracts with several Quebec suppliers, including Heliplex Springs, Hochelaga Aerospace, Optimus Ltd., SIDO Ltd., and Vac-Aero International
- **McGill University**: Investment to establish "Boeing Fellows" who will complete research on contemporary issues in air and space law
- **Minicut**: High-speed steel endmills
- **Howmet Castings**: C-17 direct supplier for strake castings
- **Aeromecachrome**: C-17 direct supplier for upper wing fuel access doors

Additionally, Boeing has partnered with RTI International and invested in the RTI Claro facility in Montreal in support of the $346 million of contract work that RTI Claro will perform for Boeing in Quebec. The RTI contract will play a role in the current C-17 IB program as well as the anticipated Medium-Heavy Lift Helicopter IB program.

These supplier agreements complement Boeing's already significant involvement in Quebec. Over the years, Boeing has partnered with many suppliers in the region. These companies provide goods and services for the company's major business units -- Boeing Commercial Airplanes and Boeing Integrated Defense Systems. As the Canadian Forces continue to modernize their defense systems, through efforts such as the Medium-Heavy Lift Helicopter program, Boeing anticipates that it will sign additional contracts to further expand its supplier base in the region.

The C-17 Globemaster III provides Canada with a critical new airlift capability to meet its international commitments. The C-17's ability to fly long distances and land in remote airfields in land-locked regions make it the right airplane for Canadian humanitarian, peacekeeping and military missions, domestically and abroad. The aircraft already has been used to support Canadian Forces serving in Afghanistan.

Boeing is a major contributor to the Canadian economy, generating approximately $1 billion in business annually. Boeing employs more than 1,400 highly-skilled employees in Quebec, British Columbia and Manitoba who work in support of the company's major business units. Canada also is home to the third-largest international supplier base for Boeing, including many high-quality suppliers spanning every region of the country.

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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Contact Info:
Damien Mills
Boeing Integrated Defense Systems
office: (562) 797-1053

damien.mills@boeing.com
Martin Sampson
Fleishman-Hillard Canada
office: (613) 238 -2090 x 351
martin.sampson@fleishman.ca