Boeing Requests Immediate KC-X Tanker Briefing

ST. LOUIS, March 04, 2008 -- The Boeing Company [NYSE: BA] today made public a request for an immediate debriefing from U.S. Air Force officials on the KC-X tanker competition.

As of today, the company has yet to receive a briefing on why it was not selected for the KC-X program, a decision the Air Force announced February 29. The Air Force has indicated that the briefing would occur on or after March 12, a delay the company says is inconsistent with well-established procurement practices.

"A delay of this length in the formal debriefing is unusual," said Mark McGraw, vice president - 767 tanker programs. "Consistent with past practice and recent experience, we would expect this briefing to occur within days, not weeks, of the selection announcement. Given that we are already seeing press reports containing detailed competitive information, we feel that our request is more than fair and reasonable."

Boeing viewed the tanker competition as a priority and an opportunity to give the Air Force the best tanker to meet its requirements. The company based its proposal on the stated criteria in the Air Force's Request For Proposal (RFP), the formal document that defined the requirements for the air tanker system.

"We bid aggressively with specific focus on providing operational tanker capability at low risk and the lowest total life cycle cost," said McGraw. "For instance, based on values disclosed in the Air Force press conference and press release, the Boeing bid, comprising development and all production airplane costs, would appear to be less than the competitor. In addition, because of the lower fuel burn of the 767, we can only assume our offering was more cost effective from a life cycle standpoint.

"Initial reports have also indicated that we were judged the higher risk offering. Boeing is a single, integrated company with its assets, people and technology under its own management control -- with 75 years of unmatched experience building tankers. Northrop and EADS are two companies that will be working together for the first time on a tanker, on an airplane they've never built before, under multiple management structures, across cultural, language and geographic divides. We do not understand how Boeing could be determined the higher risk offering.

"Initial reports also indicate there may well have been factors beyond those stated in the RFP, or weighted differently than we understood they would be, used to make the decision. It's important for us to understand how the Air Force reached their conclusion. The questions we are asking, as well as others being raised about this decision, can best be answered with a timely debrief indicating how our proposal was graded against the stated requirements of the RFP," said McGraw.

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Contact Info:
Bill Barksdale
Boeing Tanker Communications
office: (314) 232-0860
mobile: (314) 707-3294
william.a.barksdale@boeing.com
Kerry Gildea
Boeing Communications
office: (703) 414-6341
mobile: (571) 643-2313
kerry.a.gildea@boeing.com