Boeing Welcomes Early Debrief of U.S. Air Force Tanker Contract

ST. LOUIS, March 06, 2008 -- The Boeing Company [NYSE: BA] welcomes the decision by the U.S. Air Force to move up a debriefing to explain why they chose a team of Northrop Grumman and the European Aeronautic Defence and Space Company (EADS) for a contract to provide a replacement aerial refueling tanker aircraft.

"We appreciate the Air Force expediting the presentation of their rationale for choosing the European-American team over Boeing as soon as possible so that we can fully understand why the Boeing KC-767 tanker was not chosen," said Mark McGraw, vice president and program manager for the Boeing KC-X program. "This post-decision debriefing is a fundamental step in providing Boeing the understanding we need as to why the Air Force made what has been characterized in most quarters as a surprise decision."

After a lengthy competition, Air Force officials announced on February 29 that the Northrop Grumman / EADS team had won the contract to build 179 tankers based on the Airbus A330 to replace aging KC-135 aircraft. In announcing the contract, officials said they would wait at least two weeks to present a debriefing to explain why Boeing was not chosen to continue work they have done for 75 years. On March 4, Boeing requested the earlier debrief so they could begin the process of deciding whether or not to protest the decision. Subsequently, the Air Force announced on March 5 that the debrief for Boeing would occur on Friday, March 7.

At an investors conference in New York on March 5, Boeing Integrated Defense Systems President and CEO Jim Albaugh explained the company's urgent need for the debrief. "Our view is that the Air Force is buying a more costly and less capable aircraft and is taking on risk in doing so," Albaugh told the Citigroup Global Industrial Manufacturing Conference. "We need to be debriefed to understand why our conclusion is different from the Air Force's."

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 $32.1 billion business with 71,000 employees worldwide.
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