Boeing KC-767 Tanker: Less Risk for Warfighters, Taxpayers

ST. LOUIS, April 24, 2008 -- The Boeing [NYSE: BA] KC-767 would be a lower-risk aerial refueling tanker for the American military and taxpayers than the Airbus A330-based KC-30, and it would be superior in the areas of cost, production, schedule and capability.

An analysis of the evaluation that led to the choice of the tanker proposed by the team of Northrop Grumman and the European Aeronautic Defence and Space Company (EADS) reveals that numerous irregularities in the process resulted in a higher-risk, higher-cost aircraft being selected. Those irregularities form the basis of a protest Boeing filed with the Government Accountability Office following the contract award announced on Feb. 29.

"We offered a tanker that exceeded the mission requirements, kept the manufacturing risk as low as possible and offered an aircraft that saved billions of taxpayer dollars," said Gregg Rusbarsky, director of Boeing's U.S. Air Force Tanker Program. "Compare that with EADS-Northrop, who have never delivered the core technology for aerial refueling -- a working air-to-air refueling boom."

When calculating risk, the contract decision failed to account for multiple manufacturing challenges the A330-based tanker is likely to encounter. EADS and Northrop will need to integrate different corporate partners, numerous factory sites, different cultures and technical standards, all into a single enterprise that is expected to deliver aerial tankers on time and on budget.

KC-30 production would be managed by two companies on two continents in five countries, separated by one ocean. According to EADS-Northrop, the initial production plan will build the first six aircraft in five different ways. The first tanker will be assembled as a passenger plane by Airbus in Toulouse, France, converted to a freighter in Dresden, Germany, converted to a tanker in Madrid, Spain, and flown to Melbourne, Fla., for finishing. For aircraft 2 and 3, Madrid's involvement will be eliminated, and Melbourne will do the tanker conversion -- for the first time. By aircraft 4, Mobile, Ala., will replace Melbourne, and for the first time, begin the tanker conversion. Production will vastly change when the process converts from a modification to an in-line production system at the start of low-rate assembly. Finally, the basic aircraft will likely change from the passenger A330 to the A330 Freighter, so the aircraft would have a real cargo floor for the first time. This presents extreme challenges for configuration control and U.S. Federal Aviation Administration (FAA) certification, yet this approach was rated equal in risk to the less risky, more efficient Boeing plan.

Not only has Boeing built or upgraded more than 2,000 operational tankers to include recent delivery of two KC-767s to Japan, the company has also delivered more than 100 commercially derived military aircraft to the U.S. military and all have passed rigorous FAA certification requirements. Boeing has also delivered five commercial derivatives of the initial 767 airplane.

Additionally, Boeing has met all the manufacturing requirements requested by the Air Force, including an independent analysis by The Rand Corp. that was commissioned by the U.S. Department of Defense. Rand had recommended an export-compliant in-line manufacturing approach for the new tanker.

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