NATO Moves Forward With Agreement to Acquire Boeing C-17s

ST. LOUIS, Nov. 24, 2008 -- Boeing [NYSE: BA] today announced that the NATO Airlift Management Agency (NAMA) general manager, on behalf of the Strategic Airlift Capability (SAC) nations, has signed a Letter of Offer and Acceptance with the U.S. government for the acquisition of two Boeing C-17 Globemaster III long-range cargo jets. The agreement follows NATO's Oct. 1 announcement that the 12 SAC nations had formally agreed to move forward with the acquisition of C-17s, which will address national requirements for strategic airlift.

"We're pleased that SAC nations are moving quickly to meet their critical needs with the C-17 Globemaster III," said Tommy Dunehew, International C-17 program manager for Boeing. "The C-17 is well-suited to meet the requirements of NATO and each of the sovereign nations, and it continues to be regarded as the backbone of international airlift missions, supporting numerous contingency, humanitarian relief, and peacekeeping efforts around the world."

Under an agreement with the U.S. Department of Defense and NAMA, two of the advanced airlifters would be purchased from Boeing, while a third would be provided by the U.S. Air Force. The aircraft would be assigned to SAC's Heavy Airlift Wing and jointly operated by the nations from Pápa Air Base, Hungary.

Each participating nation would pay for a portion of a C-17 rather than an entire aircraft, allowing them to share a pooled fleet. The 12 nations participating in the SAC Program are Bulgaria, Estonia, Finland, Hungary, Lithuania, the Netherlands, Norway, Poland, Romania, Slovenia, Sweden and the United States.

"The agreement with Boeing is a significant step forward in the ability of NATO and partner nations to respond to a critical shortfall in Alliance and national capabilities," said Gunnar Borch, NAMA general manager. "It has been made possible by nations working together, pooling resources and sharing costs to develop a collective capability beyond the reach of, or not practical for, many nations individually."

The C-17 fleet will allow each nation to meet its airlift requirements to support sovereign and multinational mission requirements. NATO does not currently own a heavy airlift capability and frequently contracts with nations such as the United States and Russia for assistance with its heavy airlift requirements.

"We're looking forward to delivering the first SAC C-17 as early as spring 2009," said Jean Chamberlin, vice president and general manager, Boeing Global Mobility Systems. "We'll follow that with delivery of the other two aircraft in the summer."

The SAC agreement calls for Boeing to establish a facility at PÃ¡pa Air Base to provide C-17 logistics support under the current C-17 Globemaster III Sustainment Partnership (GSP), a performance based logistics contract. Boeing is currently contracted to provide logistics support to the 194 operational C-17s worldwide -- 180 with the U.S. Air Force; six with the Royal Air Force (UK); four with the Royal Australian Air Force, and four with the Canadian Forces. Boeing received a contract in July to provide the C-17 to Qatar, with deliveries starting in late summer 2009. GSP has provided the Air Force with the best mission-capable rate in military airlift history.

A high-wing, four-engine, T-tailed aircraft with a rear-loading ramp, the C-17 can carry large combat equipment and troops or humanitarian aid across international distances directly to small austere airfields anywhere in the world. With a payload of up to 170,000 pounds, the C-17 can take off from a 7,600-foot airfield, fly 2,400 nautical miles and land in 3,000 feet or less.

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, and the world's largest and most versatile manufacturer of military aircraft. Headquartered in St. Louis, Boeing Integrated Defense Systems is a $32.1 billion business with 71,000 employees worldwide.
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