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MELBOURNE, Victoria, March 3, 2011 -- Boeing [NYSE: BA] subsidiary Boeing Defence Australia and Thales Australia signed a Memorandum of Understanding today at the 2011 Australian International Airshow to pursue Project Air 9000 Phase 7 - Helicopter Aircrew Training System (HATS) for the Australian Defence Force.

The companies will work together to design a fully integrated HATS solution for the Australian Army and Navy that makes maximum use of instructors, flight simulators, computer-based instruction and training aircraft. The HATS request for proposal is expected to be issued later this year.

"Boeing and Thales have been partners in defense flight training and simulation for more than 15 years," said John Duddy, Boeing Defence Australia vice president and managing director. "Both companies have proven track records in delivering training courses on time and producing mission-ready pilots. Our combined strengths offer the best team to support HATS."

The companies' partnership began on the F-111 program in the mid-1990s. Thales operated the F-111 simulator and training programs and Rockwell, a Boeing heritage company, held the F-111 avionics upgrade contract. The partnership continued with Boeing subcontracting Thales to provide simulator support for the Boeing 737 Airborne Early Warning & Control Wedgetail Operational Flight Trainer and for in-country Boeing C-17 Globemaster III aircrew training simulators.

"Our long-term partnership with Boeing provides customers with a highly effective combination of local and global expertise," said Chris Jenkins, Thales Australia's chief executive officer. "We will offer an integrated approach that will result in cost-effective solutions for helicopter aircrew training, improving Australian Defence Force capabilities over the years ahead."

Boeing also provides helicopter pilot, aircrew and technician training for the Australian Army under the Army Aviation Training and Training Support (AATTS) contract. The company trains aircrews on S-70A-9 Black Hawks and Bell 206-B1 Kiowa helicopters at Oakey Army Aviation Centre, southeast Queensland, and on Boeing CH-47D Chinooks at 5th Aviation Regiment in Townsville, north Queensland.

Since 2007, Boeing has completed 100 percent of training courses and aircrew graduations on time; flown 7,000 training sorties while logging 8,000 flying hours; and performed 4,000 services on Black Hawk and Kiowa training aircraft. Boeing employs more than 200 Australians across its AATTS operations and has one of the largest military instructional aircrew teams in Australia.

"The excellent support we have delivered to the Australian Army is underpinned by our proven performance on AATTS and The Boeing Company's experience supporting training on 24 different defense aircraft and 150 associated trainers worldwide," Duddy added.

The Boeing and Thales team will hold an open, competitive tender for helicopter manufacturers over the coming months to select a training aircraft to meet the Australian Defence Force's requirements.

Thales is a global technology leader for the defense and security and the aerospace and transport markets. In 2009, the company generated revenues of €12.9 billion (AUD\$23 billion) with 68,000 employees in 50 countries. With its 22,500 engineers and researchers, Thales has a unique capability to design, develop and deploy equipment, systems and services that meet the most complex security requirements. Thales has an exceptional international footprint, with operations around the world working with customers as local partners. www.thalesgroup.com

Thales Australia is a trusted partner of the Australian Defence Force and is also present in commercial sectors ranging from air traffic management to security systems and services. Employing around 3,500 people in over 35 sites across the country, Thales Australia recorded revenues of more than AUD\$1 billion in 2009.

Boeing Defence Australia, a wholly owned subsidiary of The Boeing Company and a business unit of Boeing Defense, Space & Security, is a leading Australian aerospace enterprise. With a world-class team of about 1,500 employees at 15 locations throughout Australia and four international sites, Boeing Defence Australia supports some of the largest and most complex defense projects in Australia.

A unit of The Boeing Company, <u>Boeing Defense</u>, <u>Space & Security</u> is one of the world's largest defense, space and security 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 Defense, Space & Security is a \$32 billion business with 66,000 employees worldwide. Follow us on Twitter: @BoeingDefense.

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