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Boeing eyes a relief plane

Joint venture seeks contract to build a midsize cargo model

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As Boeing Co. fights to extend the life of one of its big military aircraft contracts, the aerospace giant has a replacement in mind that could save jobs in California.

The Chicago-based company said Thursday that it has joined a trans-Atlantic team pursuing a Pentagon contract to build midsize cargo planes. The pact could be worth as much as \$6 billion.

Boeing's entry into the competition, which includes two other declared bidders, comes as production of its C-17 heavy-lift cargo planes winds down. Without more funding, the last plane is scheduled to be delivered to the Air Force in 2008.

Boeing has been heavily lobbying Congress and defense officials to save the plane, citing its use in the Iraq war. A U.S. House panel seems to be sympathetic, voting Thursday to add nearly \$700 million to the fiscal 2007 defense budget to buy three more C-17s.

If the money doesn't come through, the light cargo plane could help fill the gap. A Boeing spokesman said the facility in Long Beach, Calif., where the C-17 is made, is being considered as a production site for the new plane. The company employs more than 7,000 in C-17 production, most of those in Long Beach.

Boeing joins Italy's Finmeccanica SpA and L-3 Communications Holdings Inc., which is offering the C-27J Spartan, a twin-prop cargo plane that has been made in Italy since 2001.

Finmeccanica and L-3 began looking for a partner after the Defense Department expanded a program that originally was meant to replace the Army's aging C-23 Sherpas. The Air Force also is looking for a cargo plane to quickly move troops, supplies and equipment to the front lines of the battlefield.

The services are looking for more than 200 planes during the next 10 to 15 years, which exceeds Finmeccanica's capabilities in Italy, said Ben Stone, spokesman for Alenia North America, a unit of the Italian aerospace

manufacturer.

"To meet the production schedule of a joint program, we needed to bring someone like Boeing into the program," Stone said. "Boeing is a world leader when it comes to producing high volumes of aircraft."

The Department of Defense formally launched competition for the aircraft in March. The other bidders are Lockheed Martin Corp. and another trans-Atlantic team led by Raytheon Co. and a unit of European Aeronautic Defense and Space Co., the parent of Boeing archrival Airbus SAS.

Bids are due the first week of June, and the Pentagon is expected to award the contract by January.

Lockheed Martin's involvement could have implications on another Boeing military program. Bethesda, Md.-based Lockheed said it would offer its four-engine turboprop C-130J.

Boeing has a \$4 billion contract to upgrade an older version of that aircraft, the C-130. If the Pentagon decides to go with the Lockheed aircraft for the light cargo plane, the contract could curtail the need to modernize the C-130 fleet, defense analysts said.

A Boeing spokesman said one program is not "necessarily connected" to the other.

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