

Puget Sound Business Journal (Seattle) - March 15, 2010
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Friday, March 12, 2010

Star of tanker bid, the Boeing 767 finds airline admirers, too

Puget Sound Business Journal (Seattle) - by [Steve Wilhelm](#) Staff Writer

With **Boeing's** only rival out of the bidding, the way now seems clear for the company's venerable 767 jetliner to form the core of the Air Force's next refueling tanker — one of the biggest military contracts in history.

But even before the 767 takes the Pentagon stage, the aging model is showing surprising allure to commercial customers.

The 29-year-old wide-body jet — once on life support — keeps drawing a healthy new stream of orders from the world's airlines. In fact, the current 767 order book of 58 would be enough to keep the Everett factory pumping them out for four years at the current rate.

And more commercial orders may be coming, on top of the likely \$35 billion Air Force contract expected to go to Boeing now that Northrop has dropped out.

Compared with the cutting-edge 787 Dreamliner — largely pieced together from modules made outside the region — each 767 generates more work among Puget Sound area machine shops. And unlike the 787, assembly of the 767 won't be split between Washington and South Carolina.

Airlines have purchased more than 1,000 of the 767s, a model that was Boeing's first entry into the wide-body, twin-engine jetliner market. By the early 2000s, the 767 was considered to be heading toward obsolescence, its appeal eclipsed by the efficiency and passenger comfort promises of Boeing's new 787.

It's the two years of 787 delays that have given the 767 new life, and have inadvertently helped keep the line alive during the protracted process of choosing a new Air Force tanker.

Current orders for the 767 are far more than Boeing had expected after the 767 first won the tanker contract in 2002, only to have it canceled in a procurement scandal. At that time, 767 orders had nearly died, averaging only nine annually from 2002 through 2004, and Boeing was worried about keeping the line alive until the Pentagon made a tanker decision.

The company needn't have worried: By 2007, orders had picked up relatively briskly, with 36 that year and 24 in 2008, at least partly a byproduct of the new 787's delays.

"Because of delays in the 787 program, they (airlines) needed that interim capacity to tide them over," said Ray Jaworowski, senior aerospace analyst for **Forecast International Inc.**, in Newtown, Conn. **"The orders that Boeing has been able to pick up over the past couple of years certainly helped keep the line open while they were waiting for the Air Force to make its decision. It's working out very well for Boeing in that regard."**

And the carriers probably also got good deals, analysts say, at prices substantially lower than the 767-300ER's list price of \$144 million to \$161 million, which is already substantially lower than the \$161 million to \$171 million list price for a 787-8.

Boeing took steps to keep the model current. In 2004, the company made standard a new "signature interior," which made the inside of the 767 look and feel like a larger and newer 777, said Ken Hiebert, regional director for Boeing 767 Commercial Airplanes product marketing.

Now, Hiebert continues "aggressive" marketing to airlines that already own 767s or that need new aircraft sooner than the 787 order queue will allow.

"In this size market, until the 787 comes along in large numbers, this continues to be the preferred solution," Hiebert said.

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Another factor suggesting more longevity for the 767 is the fact that Boeing and Airbus are focusing on longer-range versions of their newest aircraft, and Boeing has effectively canceled its short-range Boeing 787-3, which featured a wing optimized for more efficient flying of shorter distances.

Aerospace analyst Richard Aboulafia from the **Teal Group**, in Fairfax, Va., suggests that by targeting the longest-range Asian markets of over 6,000 miles, neither Boeing nor Airbus is providing efficient new aircraft for the shorter-range transatlantic market — such as the 3,500-mile flight between New York and London.

But this is a market in which the 767 does very well. Add new fuel-saving winglets to 767s, and the aircraft may have even more life.

“Why not get a new airplane with winglets for a lower capital cost, that has 5,000-mile range that can optimize the transatlantic?” said Leeham Co. LLC President Scott Hamilton, an Issaquah-based industry analyst.

swilhelm@bizjournals.com | 206.876.5427

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