Boeing Makes Strategic Decision to Exit the Commercial Helicopter Business; Assumes Subcontractor Role on 609 Tiltrotor

The Boeing Company today announced its intention to sell its commercial helicopter business and to restructure its participation in the Bell Boeing joint venture on the 609 commercial tiltrotor program. These moves support a strategic decision by the company to exit the market for commercial helicopters.

Boeing has been negotiating the sale of its commercial helicopter business with several potential buyers and expects to announce an agreement within the next few weeks. In any proposed sale, the company is committed to ensuring the continued outstanding in-service support of its commercial helicopter products. Such a sale will require the approval of federal regulators.

As part of this strategy, Boeing has agreed to transfer its interest in the Bell Boeing 609 Tiltrotor to Bell Helicopter Textron, as of March 1, 1998, and to assume a major subcontractor role in the continued development of that aircraft.

"This strategic decision will allow us to focus exclusively on our proven strengths in building the world's best military helicopters," said Alan Mulally, Boeing senior vice president and president of Information Space & Defense Systems. Boeing military helicopter programs, the AH-64D Apache Longbow, the RAH-66 Comanche, the CH-47 Chinook, and the V-22 Osprey, will remain with the company.

The company's decision to transfer its joint venture interest in the 609 to Bell is based purely on its decision to exit the commercial helicopter business. "The 609 is off to a strong start, and we will perform well as a subcontractor on the 609 team," Mulally said. "We continue to have a high level of confidence in the future of tiltrotor technology as evidenced by our continued commitment to the V-22."

Boeing currently builds its commercial helicopters -- the MD 500 Series, MD 600, and MD Explorer -- in Mesa, Ariz., where it also produces the AH-64D Apache Longbow. The facility employs 5,300, of which 350 are dedicated to the production of commercial helicopters.

The company's work on the Bell Boeing 609 is performed at its facility in Philadelphia, Pa., where approximately 350 of 6,400 local employees are assigned to the 609 program.

Boeing anticipates that growth in its core military businesses will provide opportunities for employees working on the affected commercial programs.

The Boeing Company is the world's largest manufacturer of commercial aircraft and military aircraft, and serves as NASA's largest contractor. The company employs more than 235,000 people worldwide. Its headquarters are located in Seattle, Wash.

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