Boeing Awarded Initial Phase of Estimated $3 Billion Contract for C-17 Support

ST. LOUIS, Oct. 06, 2008 -- The Boeing Company [NYSE: BA] has been awarded the initial phase of a new three-year U.S. Air Force contract to continue the C-17 Globemaster III Sustainment Partnership (GSP) program following a decade of comprehensive logistics support of C-17 fleets around the world.

The Air Force awarded Boeing $514 million of the estimated $3 billion performance-based logistics (PBL) contract on Oct. 1, covering the beginning of fiscal year 2009. Boeing's proposal included a significant decrease in dollars per flight hour that will save the Air Force more than $200 million over three years compared with the previous GSP contract.

Through the GSP program, Boeing and the Air Force work together closely to manage a full range of C-17 sustainment activities, from field support to depot-level maintenance to supply-chain management, as well as aircraft modifications and upgrades. The PBL-style contract allows customers to pay for a specified level of readiness versus individual parts or services.

International C-17 customers in the United Kingdom, Australia, Canada, Qatar and a consortium of NATO countries also participate in the GSP program. They benefit from Boeing's ability to purchase materials in large quantities for the global C-17 fleet as well as the emphasis on aircraft readiness.

"This contract marks the end of a very successful decade of C-17 support and the beginning of a new chapter in the GSP program's life," said Gus Urzua, vice president of Boeing's Air Force Integrated Logistics division. "We remain committed to providing affordable world-class support. The C-17 has a critical mission, and we will do whatever it takes to ensure it succeeds."

The C-17 PBL contract is considered the first system-level program of its kind and has become a model for other PBL programs. With a mission-capable rate at or above 85 percent, the C-17 is the most available and reliable transport aircraft in the world.

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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