Boeing C-17 Program Enters 2nd Phase of Production Rate and Work Force Reductions

LONG BEACH, Calif., Jan. 20, 2011 -- As part of a transition announced last year, Boeing [NYSE: BA] today confirmed it will deliver 13 C-17 Globemaster III airlifters in 2011 as the company moves to a new production rate of 10 C-17s per year. Boeing will reduce the production program's work force by approximately 1,100 jobs through the end of 2012. The company delivered 14 C-17s in 2010.

The move to the new production rate, announced in February 2010, will be completed this summer and result in the elimination of the second shift at the C-17 final assembly facility in Long Beach. The lower production rate is designed to extend the line as Boeing works to capture additional international orders.

"This has been a very difficult decision, no question about it," said Bob Ciesla, C-17 program manager. "But reducing the number of C-17s we deliver every year -- and doing that with a smaller work force -- will allow us to keep the production line open beyond 2012, protect jobs, and give potential customers more time to finalize their airlift requirements."

Boeing will provide assistance for impacted workers seeking potential positions elsewhere within the company.

"We've been communicating frequently with our employees about this process for the past year and will continue to do so," said Ciesla.

Boeing anticipates that the work force reduction will primarily impact Long Beach, where approximately 900 of the 1,100 reductions will take place at the program's final assembly site. The remaining 200 reductions will impact C-17 production program employees in Macon, Ga., Mesa, Ariz., and St. Louis. The company will try to redeploy many of the affected employees to other programs or other Boeing locations where the company has suitable job openings.

The program, which supports roughly 25,000 supplier jobs in 44 states, has an annual economic impact of approximately $5.8 billion. Now in its 18th year of service, the C-17 has supported numerous military transport, humanitarian and disaster-relief missions worldwide. The fleet continues to operate at an accelerated rate due to the recent troop surge in Afghanistan. It achieved 2 million total flight hours in December, less than five years after it passed the 1 million-flight-hour mark in March 2006.

Boeing has delivered 226 C-17s worldwide, including 20 to international customers. The U.S. Air Force -- including active duty, National Guard, and Air Force Reserve units -- has taken delivery of 206. Other customers include the United Kingdom Royal Air Force, the Canadian Forces, the Royal Australian Air Force, the United Arab Emirates Air Force, the Qatar Emiri Air Force, and the 12-member Strategic Airlift Capability initiative of NATO and Partnership for Peace nations. India and Kuwait are expected to be the next C-17 customers.

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