Boeing to Complete Production of C-17 Globemaster III in 2015

Support and maintenance of global C-17 fleet continues through Boeing's Globemaster III Integrated Sustainment Program

Production continues at 10 C-17s per year for 22 additional new aircraft

Boeing's 2013 financial guidance unchanged

LONG BEACH, Calif., Sept. 18, 2013 -- Boeing [NYSE: BA] will complete production of the C-17 Globemaster III and close the C-17 final assembly facility in Long Beach, Calif. in 2015.

"Ending C-17 production was a very difficult but necessary decision," saidDennis Muilenburg, president and chief executive officer of Boeing Defense, Space & Security. "We want to thank the highly skilled and talented employees who have built this great airlifter for more than two decades– and those who will help us as we continue to build the remaining 22 aircraft and support and modernize the global fleet for decades to come. The C-17 remains the world's most capable airlifter with unmatched readiness and cost effectiveness."

Boeing will continue after-delivery support of the worldwide C-17 fleet as part of the C-17 Globemaster III Integrated Sustainment Program (GISP) Performance-Based Logistics agreement. The GISP "virtual fleet" arrangement provides the highest airlift mission-capable rate at one of the lowest costs per flying hour.

"Our customers around the world face very tough budget environments. While the desire for the C-17's capabilities is high, budgets cannot support additional purchases in the timing required to keep the production line open," Muilenburg added. "What's more, here in the United States the sequestration situation has created significant planning difficulties for our customers and the entire aerospace industry. Such uncertainty forces difficult decisions like this C-17 line closure. We will continue to make tough but necessary decisions to drive affordability and preserve our ability to invest for the future."

Boeing expects a charge of less than$100 million, which will be recorded this quarter, as a result of this announcement. The charge will not impact financial guidance for the year.

Nearly 3,000 employees support the C-17 production program inLong Beach; Macon, Ga.; Mesa, Ariz. and St. Louis. Workforce reductions will begin in early 2014 and continue through closure. Boeing will provide employee assistance including job search resources, financial counseling, retirement seminars and help locating potential jobs within and outside of the company.

"We recognize how closing the C-17 line will affect the lives of the men and women who work here, and we will do everything possible to assist our employees, their families and our community," said Nan Bouchard, vice president and C-17 program manager.

Additionally, the C-17 industrial team includes more than 650 suppliers in 44 states. Boeing and its suppliers provide 20,000 jobs in support of C-17 production.

Since the first flight on Sept. 15, 1991, the C-17 has amassed more than 2.6 million flying hours supporting airlift of troops and large cargo, precision airdrop of humanitarian supplies and lifesaving aeromedical missions. Boeing has delivered 257 C-17s, including 223 to the U.S. Air Force, and a total of 34 to Australia, Canada, India, Qatar, the United Arab Emirates, the United Kingdom and the 12-member Strategic Airlift Capability initiative of NATO and Partnership for Peace nations.

Boeing has been a part of California and its rich aerospace legacy for more than 90 years. Today it occupies a diversified portfolio including commercial aviation; the largest satellite design and manufacturing factory in the world, and new markets such as cyber security. Boeing has approximately 20,000 employees in California and remains committed to defense and commercial business in the state.

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