Boeing, Flightsafety International Establish Airline Training Company

The Boeing Company and FlightSafety International announced today that they will create a new joint venture company to provide airline customers with the most comprehensive flight and ground crew training and related services available worldwide. The new venture, called FlightSafety Boeing Training International, combines the commercial airline pilot and maintenance training programs offered by both companies.

"By combining two world-class training organizations, we will provide our airline customers with even greater value," said Ron Woodard, president of Boeing Commercial Airplane Group. "The new company will bring added substance to the excellent training currently being provided. I am particularly pleased to enter into this partnership, since my association with Boeing dates back to the early 1940s when I joined Pan American Airways," said A.L. Ueltschi, chief executive officer of FlightSafety, which is based in Flushing, N.Y. Boeing trains about 1,600 pilots and 4,000 maintenance technicians every year for customer airlines. FlightSafety, a unit of Berkshire Hathaway, trains more than 50,000 pilots and maintenance technicians annually in over 40 locations in the United States and overseas. Its customer base includes numerous airlines, aircraft manufacturers and operators.

In the airline side, FlightSafety offers training courses ranging from its "flight academy level," an initial pilot training course, to the Boeing 747. The training includes models from all three major commercial airplane manufacturers - Boeing, Airbus and McDonnell Douglas. FlightSafety also designs and manufactures advanced, full-flight simulators, including those for most Boeing models, among them the Boeing 777.

"Through this new company, our airline customers will have access to global 'one-stop shopping' for all their pilot and maintenance training needs, regardless of which airplanes they operate," said Woodard. "With the new company's 36 flight simulators in 12 locations worldwide, customers will also be able to receive their training and related services closer to their home bases. We expect the new company over time to add training facilities in other locations around the world, further increasing the convenience for our customers."

Over the next 20 years, airlines are expected to order about 16,000 jetliners worldwide to meet air traffic growth rates averaging about 5 percent per year, Woodard said.

"Although we've always provided training for customer airlines taking delivery of new Boeing jetliners - and we'll continue to do so, through this new company -- the total market for pilot and maintenance training is huge and growing even faster than demand for new aircraft," Woodard said. "This new company will allow us to tap into this market as a new source of profits, while providing our customers with new training products and services."

Woodard added that the formation of the new company is the first major action by the newly created Boeing Enterprises organization, led by Larry Clarkson, and reflects the Boeing Commercial Airplane Group's strategic emphasis in several areas.

"First, this joint venture expands our business scope beyond our traditional activities; second, it underscores our determination to focus on our core business of producing airplanes, while ensuring that our customers continue to receive the highest value in services; and third, it supports our efforts to enhance aviation safety by making our considerable safety-focused resources and expertise more widely available to the industry," said Woodard.

Boeing and FlightSafety will each own a 50 percent share of the new company, and will each contribute approximately $100 million in assets to launch it. The assets include simulators and simulator data, computer-based training, and other training equipment and supporting materials. Boeing will retain ownership of its Customer Training Center building and site, located south of Seattle, and will lease part of the facility to the new company.

FlightSafety Boeing Training International will be a limited liability company with four directors, two of whom will be appointed by FlightSafety and two by Boeing at a later time.

FlightSafety will manage the joint venture with employees drawn from its work force as well as from the Boeing Customer Training organization. Jack Martz, currently director of Customer Training for Boeing, will join FlightSafety and lead the process of integrating the commercial airline training programs, which will be completed by Dec. 31, 1997.

"Jack will be responsible for ensuring that our customers experience a flawless and transparent transition for their training requirements," said Woodard.

"We are pleased that Jack will lead our team and we are confident that the customers of both companies will find the new organization a significantly enhanced resource for their training," said FlightSafety's Ueltschi.

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