

Boeing Chairman Traces the Company's California Roots Toward a World Vision

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The Boeing Company has strong ties to California, both past and present, and these ties will only continue to strengthen in the years to come, said Phil Condit, Boeing chairman and chief executive officer, in a speech here today.

"The Boeing Company traces its own beginnings here to California," he said. "Today our airplane and space parts are produced here and go by rail and road to other locations. Our suppliers reside here. Our people live here, and they volunteer time to community activities."

In his speech to the Town Hall of Los Angeles, Condit described Boeing's Southern California roots and outlined a vision for the future.

Boeing's and California's paths first crossed in January 1910 when a young entrepreneur from the Pacific Northwest named William Boeing traveled to the "First in America" Aviation Meet, held at Dominguez Field near Compton, said Condit. Following this meet, Bill Boeing returned to the Pacific Northwest intent on building his own airplane.

"By early 1928, the aviation industry changed dramatically as passenger and airmail service grew. Bill Boeing began to emerge as an industry leader," he said. "As Chairman of United Aircraft and Transport Corporation, Bill Boeing and others built the Burbank Airport. The airport was to satisfy the need for the first major airlines' terminal for the city of Los Angeles."

"As the years went by, Boeing remained part of the aviation community here too," Condit added.

He said Boeing used the high-speed wind tunnel at the Guggenheim Aeronautics Laboratory at the California Institute of Technology to test aircraft models. Douglas Aircraft at Long Beach, under license to Boeing, produced Boeing B-17 Flying Fortresses during World War II. And Boeing had a training facility in Oakland known as the Boeing School of Aeronautics.

"Today, in Los Angeles, we have almost 14,000 employees who contribute daily to delivering value to our customers, at various sites," Condit explained.

At Boeing in Los Angeles the company serves commercial and military customers and support its field representatives who work with suppliers. Boeing at Long Beach currently is building the home port for the \$500 million Sea Launch program. This international commercial space program, led by The Boeing Company, involves participation by Norway, Ukraine, and Russia. Long Beach was selected because of its proximity to satellite manufacturers in California. People in the Boeing North American subsidiary reside and work in several Southern California areas: Anaheim, Canoga Park, Downey, Palmdale, and Seal Beach, which also serves as subsidiary headquarters.

"We are proud of what we do in Southern California," Condit said. "We are also very proud of how our employees give something back to our communities."

Condit cited the example of Boeing North American employees who last year gave about \$700,000 to the Southern California chapter of the United Way. Companywide, Boeing employees gave more than \$23 million to the communities where the company resides through the Boeing Employees Good Neighbor Fund.

"For more than 20 years, Boeing North American Downey volunteers have worked directly with high school students to develop skills such as engineering, computer science, and photography. In addition, we provide both time and resources to the California Academy of Math and Science to advance scientific careers for women and minorities at the high school level," Condit said.

Many Boeing suppliers have major operations in California, such as Northrop Grumman, Allied Signal, and Parker-Hannifin, Condit explained. Many other suppliers are also small businesses.

"One such supplier is Allfast Fastening Systems in the City of Industry," he said. "Allfast provides solid rivets, blind rivets and riveting tools for the family of Boeing commercial airplane products -- the 737, 747, 757, 767, and 777. Suppliers such as Allfast, a 1996 Boeing Commercial Airplane Group President Award for Excellence winner, contribute daily to commerce, trade, and our many products to meet and satisfy our customers' needs."

Condit said a company goal has been to create a focused, integrated, broad based aerospace company "by creating a better balance between our commercial and our defense and space work."

However, he said, Boeing ran into a problem when looking at ways to achieve that balance.

"Our commercial aircraft business, which is subject to economic cycles, is much bigger than our defense

business. So we went off and looked for balance for our defense efforts," he explained.

Part of the plan involved acquiring the former Rockwell Aerospace and Defense businesses in late 1996, now named Boeing North American, Inc. "We continued to implement the strategy in late 1996 by agreeing on a merger with McDonnell Douglas," Condit said.

"Besides giving us better balance between our commercial and defense and space business, it adds balance for the near- and long-term for both current and future production programs," he added.

Condit said Boeing expects to receive regulatory and shareholder approval of the merger this summer.

"We believe that the merger brings together two strong aerospace companies with complementary capabilities, and preserves the rich heritage of our past," he said. "This positions us to meet our objectives to be the number one aerospace company in the world, and truly among the world's premier industrial firms."

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