Boeing Responds to European Commission Recommendation

The Boeing Company was informed on Wednesday that the Advisory Committee of the European Commission's Merger Task Force has recommended that the proposed merger between Boeing and McDonnell Douglas Corp. not proceed because remedies offered by Boeing were not sufficient.

In particular, Boeing and the Commission have not been able to resolve the issue of combining McDonnell Douglas' commercial airplane business with that of The Boeing Company, and the issue of so-called "sole-source supplier" agreements that Boeing entered into at the request of its U.S. airline customers.

"We are extremely disappointed because Boeing submitted to the Commission a series of significant remedies designed to address all of the Commission's concerns and to protect the interest of our airline customers, suppliers, and the more than 200,000 employees of Boeing and McDonnell Douglas," said Boeing Chairman and Chief Executive Officer Phil Condit.

In addition, Condit noted, "The issues that the Commission has raised already were analyzed in an extensive review by the U.S. Federal Trade Commission, which approved the merger, without conditions, on July 1."

"It is our hope," Condit added, "that once our remedies are reviewed by the full Commission, prior to July 23, that the Commission will find in favor of the merger and in favor of free and fair competition."

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