Boeing Changes Corporate Architecture to Support Growth and Value Strategies

Boeing today announced several major changes to its corporate architecture: elevating three senior business unit executives to chief executive officers, setting plans for a new, leaner corporate center focused on shareholder value and moving its headquarters to a new location.

"We are continuing the transformation of this company to focus on creating value for our shareholders," said Phil Condit, Boeing chairman and chief executive officer. "A key element of this transformation is establishing a corporate architecture that continues the attention on operational performance improvements and invests capital wisely in new growth opportunities. Simply put, we intend to run Boeing as a business that has the flexibility to move capital and talent to the opportunities that maximize shareholder value."

In a press conference in Washington, D.C., Condit explained that the current leaders of Boeing's three largest operating units are now promoted to chief executive officers. They are:

- Alan Mulally, president and CEO, Commercial Airplanes, Seattle
- Jerry Daniels, president and CEO, Military Aircraft and Missile Systems, St. Louis
- Jim Albaugh, president and CEO, Space and Communications, Seal Beach, Calif.

"Alan, Jerry and Jim are some of the most talented executives in business today. They are running multi-billion dollar businesses that are Boeing's near term engines to create shareholder value," Condit said. "The new roles for these leaders are an essential next step in our corporate transformation. This change will give them more freedom to deliver the operational improvements and seize the growth opportunities facing their businesses. These executives will provide the leadership for Boeing's extensive involvement in the communities in which we do business."

Boeing also will establish a new, lean corporate center focused on shareholder value.

"We intend to take a more global view of opportunities to increase shareholder value," Condit said. "Our lean corporate staff will focus on new business opportunities for Boeing while our business unit leaders focus on continuing operational improvements. Boeing has a wealth of opportunities in our new definition of the aerospace industry. Our new corporate architecture will help us capture them."

In the last six months Boeing has begun to redefine aerospace by: establishing a communications business, Connexion by BoeingSM ; acquiring Jeppesen as the hub of an information services business; putting increased emphasis on its financial services, Boeing Capital Corporation; and setting up a business to transform the world's air traffic management and control systems to improve safety, convenience and capacity.

The company's new corporate center will be established at a new location. "As we've grown, we have determined that our headquarters needs to be in a location central to all our operating units, customers and the financial community - but separate from our existing operations," he said. "The role of the new, leaner corporate center will be to seek new growth opportunities around the globe. Our newly promoted business unit leaders will have greater freedom to serve their customers, develop partnerships, grow, and create additional value for our shareholders and growth opportunities for our employees."

Boeing is seeking to locate its new headquarters in a culturally diverse city that: offers ready access to global markets, provides a strong pro-business environment, and allows easy access to major Boeing operations and customers.

Boeing has three metropolitan areas under consideration for its world headquarters: Chicago, Dallas/Ft. Worth and Denver. The company hopes to have site selection made by early summer and have an operational center in its new headquarters by fall. Boeing expects that the new corporate center will have less than half the 1,000 employees currently working in the Seattle location.

"The organizational changes are effective immediately, and we are moving swiftly into site selection for the new headquarters. These bold, strategic moves are further steps in Boeing's continuing transformation," Condit said.

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