Boeing Reaffirms Commitment To Airplane Production In Puget Sound, Updates Employees On Recent Asset-Related Decisions

Commercial Airplanes retains parts operations; reduces 3 million square feet by year-end 2002 by site consolidation

757 fuselage work moves to Wichita

No job losses expected

Boeing Commercial Airplanes leadership today reaffirmed to employees its commitment to manufacturing airplanes in the Puget Sound area. Also, employees were informed of recent company decisions to retain its parts operations, many of which operate in the region, as well as relocate its 757 fuselage assembly to its Wichita, Kan., facility to improve production efficiency.

In an employee message on its ongoing asset-utilization activities, Manufacturing and Quality leader Dan Becker announced the results of several improvement studies that have been under way for more than a year. The studies are part of the company's goal to make best use of its considerable manufacturing assets to improve competitiveness and operational efficiency. They were independent of the company's March 21 announcement of the relocation of its corporate office.

"As a result of the Company Offices announcement, Commercial Airplanes and its employees will take on even more responsibility in the Puget Sound region, where the majority of the 78,000 Boeing employees in the state work," Becker said. "We'll continue to have a major presence and impact here. These latest asset decisions are aimed at strengthening our ability to continue to succeed in the global market, which is critical to our future as a major employer here in Puget Sound."

Becker said Boeing has completed a number of studies of its Supplier Management (formerly Components) organizations that produce parts and assemblies for its products. As a result, it will not close or divest these operations in the foreseeable future but instead will focus on making further efficiency improvements through internal consolidation within those organizations, many of which are based in Puget Sound.

The plan calls for consolidation gains to be accomplished by such things as vacating underused warehouse or factory space and relocating work primarily within sites to address excess capacity. Boeing is expected to reduce factory space by approximately 3 million square feet by the end of 2002.

The space reductions will occur primarily at the company's Auburn and Plant 2 locations in Puget Sound, and at its Wichita, Kan., facility. No employees are expected to lose their jobs as a result of these decisions.

Becker said the decision to relocate its 757 twinjet fuselage assembly work from its Renton, Wash., site to Wichita was done in an effort to improve asset use, production flow and alignment to Wichita, which already produces the 737 fuselage and other major body sections.

As part of the move, to be concluded over the next two to three years, some 757-fuselage panel work currently being done in Wichita will move to an outside supplier. The fuselage move is expected to affect approximately 500 employees in Renton who will be offered other jobs in the company. Other Puget Sound assembly-site studies are continuing and are expected to conclude incrementally this year.

Any employee job changes that result from these latest decisions are not expected to exceed the total estimate provided at the time of the company's earlier consolidation announcement in August 2000.

"As we make changes like these, Boeing is committed to honoring all of its labor agreements," Becker said. "Also, we reiterate our commitment to all of our employees affected by these asset-utilization decisions to treat them with fairness and respect. We'll make every effort to retain affected employees who are willing and able to be retrained to perform available work, or who are willing to work at other locations, work other shifts, and if necessary, accept a reclassification or downgrade."

He added that today's announcement illustrates the ability Boeing people have to positively affect their own and the company's future.

"All of us can make a difference by continuously improving our competitiveness through cost and asset reductions," Becker said. "Working together, we can ensure our future success in the region and the marketplace."

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