Boeing to End Parts Production Operations in Tennessee

Boeing [NYSE: BA] today announced that it will end parts production operations at the Oak Ridge, Tenn., site by the first quarter of 2008. In addition, the Oak Ridge site's other key customer, USEC Inc., together with BWX Technologies, Inc., today announced their decision to enter into a long-term contract for BWXT to assume responsibility for production of centrifuge components in Oak Ridge.

The decision to end parts production operations was made because the facility no longer has sufficient Commercial Airplanes or other parts production work to remain in operation. Exiting Oak Ridge is also part of the continued consolidation and alignment of parts manufacturing capability and capacity across Boeing Fabrication facilities. In July, Boeing will begin the first in a series of 60-day layoff notices to employees in association with this announcement.

Boeing shared the news today in meetings with the 265 people who work at the Oak Ridge facility. In April, employees were informed of the company's intention to exit Commercial Airplanes parts production in Oak Ridge and move remaining work to Boeing Salt Lake City and external suppliers. The Oak Ridge facility previously produced flight deck consoles, forward instrument panels, aisle stands and other metal machined parts for Commercial Airplanes.

The centrifuge component work has been provided by Boeing for USEC in support of the Lead Cascade/American Centrifuge program since 2004. Boeing established the Oak Ridge facility in 1981 to support early centrifuge parts manufacturing.

"We are proud of the value you provided to our customers over the years," said Gary Bomhoff, Oak Ridge site leader, to employees today. Bomhoff shared that there are opportunities across Boeing for employees willing to relocate to other sites. He also said that Boeing is working together with the City of Oak Ridge, USEC, BWXT, the State of Tennessee and local businesses to mitigate impacts from Boeing's exit on employees and the community.

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