

Statements Referenced in the NLRB Complaint

6(a) - James McNerney, 2009 3rd Quarter Earnings Call, October 28, 2009

. . . . There would be execution challenges associated with that choice [of Charleston]. But keep in mind that we've got a pretty good-sized operation down in Charleston today. The -- there would be some duplication. We would obviously work to minimize that. But I think having said all of that, diversifying our labor pool and labor relationship, has some benefits. I think the union IAM and the Company have had trouble figuring it out between themselves over the last few contract discussions.

And I've got to figure out a way to reduce that risk to the Company. And so some of the modest inefficiencies, for example, associated with a move to Charleston, are certainly more than overcome by strikes happening every -- every three or four years in Puget Sound and the very negative financial impact of the Company, our balance sheet would be a lot stronger today had we not had a strike last year. Our customers would be a lot happier today, had we not had a strike last year. And the 787 program would be in better shape had we not. And so I don't blame -- I don't blame this totally on the union. We just haven't figured out a way, the mix doesn't -- isn't working well, yet. So we've either got to satisfactory satisfy ourselves the mix isn't different or we have to diversify our labor base.

6(b) - "787 Second Line Questions and Answers," 10/28/09

Q3: Was one site a higher cost than the other?

A: All things taken into account, this decision will provide economic advantages by improving our competitiveness and reducing vulnerability to delivery disruptions due to a host of factors, from natural disasters to homeland security issues and work stoppages. We're electing not to get into how individual sites fared in specific areas of the evaluation.

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Q8: We understand you were pushing the union for a no-strike agreement and came close to getting a 10-year deal. Obviously you didn't reach an agreement. Was that the factor that tipped the decision?

A: It was an important part of our discussion with the union, but it wasn't the only factor in our decision. In the final analysis, this came down to ensuring our long-term global competitiveness and diversifying the company to protect against the risk of production disruptions that can occur for a variety of reasons, from natural disasters, to homeland security threats, to work stoppages. While we didn't reach a long-term agreement, we felt our discussions with the IAM were productive and focused on the

right things -- global competitiveness (including emerging competitors), and ways to sustain a reliable, on-time flow of deliveries to our customers. We look forward to moving forward with the IAM in a positive way to grow our business in an increasingly competitive market.

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Q26: You say that having a second line in Charleston reduces risk, but if the IAM goes on strike in the Puget Sound again they will halt your production lines. What does a second line in another state really do for you then?

A: Geographically diversifying final assembly on the 787 will protect a portion of deliveries against disruption from both natural and man-made events, including work stoppages due to labor disputes. Having the second line will also give us assurance and flexibility in how we introduce derivatives such as the 787-9.

6(c) - *Seattle Times* article, December 7, 2009

Boeing spokesman Jim Proulx cited strikes in the Puget Sound region as a major factor in the decision. With a second supplier for every part, Boeing potentially could continue producing Dreamliners in South Carolina even if the Machinists went on strike here.

"Repeated labor disruptions have affected our performance in our customers' eyes," Proulx said. "We have to show our customers we can be a reliable supplier to them." The second production line "has to be able to go on regardless of what's happening over here," he added.

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Ray Conner, vice president and general manager of supply-chain management and operations, sent a message Monday informing all Boeing Commercial Airplanes managers of the dual-sourcing decision.

"We will immediately begin identifying, selecting and contracting with suppliers to stand up fully operational coproduction by 2012," Conner's message said.

Proulx said Boeing has not determined how much work will be replicated within the company in the new Charleston facility and how much may go to outside suppliers.

When Boeing broke ground on its Charleston assembly line in November, the company disclosed extensive plans for other buildings at the facility. Among these is a "fin and rudder shop," which suggests the tail fin may be built at Boeing Charleston.

But Proulx said, "It's too soon to say what will go where."

He said the replication of parts sourcing also would “accommodate the ramp-up” required to shift to a planned rollout of 10 planes a month by the end of 2013.

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Conner’s message said the union knew this was coming.

“We informed the (IAM) of our plans to begin dual sourcing during the company/union discussions preceding our decision to place the second 787 line in South Carolina,” Conner’s message to managers stated. “We remain committed to strengthening our working relationship with the union.”

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Boeing’s Proulx said potential external suppliers are being assessed “based on capabilities, based on their ability to produce high-quality components and at the best value.”

“We’ll review supplier expertise, and we’ll ensure that the right level of training and oversight is in place to make sure the performance standards are met,” he said.

Conner’s message to managers emphasized the decision means duplication, not replacement, of work done in this region.

“We are not moving any work that Boeing employees are currently performing — we are just adding additional sources,” Conner said.

6(d) – *Puget Sound Business Journal* Article, December 8, 2009

“Dual-sourcing and co-production will allow us to maintain production stability and be a reliable supplier to our customers,” he said in the memo.

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Boeing spokesman Jim Proulx said it was “too early” to tell if the new production will be contracted out or done by Boeing itself at the new South Carolina site, or elsewhere in the country.

He said this is not indicative of a wholesale movement of existing production away from this region.

“There will be no jobs lost as part of this move. There are no plans to take this work away,” he said.

6(e) -- Jim Albaugh Interview with the *Seattle Times*, March 2, 2010

Well I think you can probably say that about all the states in the country right now with the economy being what it is. But again, the overriding factor was not the business climate and it was not the wages we're paying people today. It was that we can't afford to have a work stoppage every three years. We can't afford to continue the rate of escalation of wages as we have in the past. You know, those are the overriding factors. And my bias was to stay here but we could not get those two issues done despite the best efforts of the Union and the best efforts of the company.