



October 13, 2014

Chairman William A. Longbrake
Washington State Citizen Commission for Performance Measurement of Tax Preferences
1300 Quince Street, S.E.
P.O. Box 40910
Olympia, Washington, 98504-0910

Dear Chairman Longbrake:

I'm writing to clarify statements made during the September 19 Commission meeting in Olympia.

During oral testimony, the executive director of the Society of Professional Engineering Employees in Aerospace (SPEEA) misstated the facts about our business and recent workforce changes. My intent herein is to set the record straight.

Boeing currently employs more than 81,000 people in Washington. In the past five years, we've added more than 8,000 people to our payroll in the state. During the last decade, Boeing employment has grown by more than 28,000 people in Washington—including employees represented by SPEEA and District Lodge 751 of the International Association of Machinists and Aerospace Workers (IAM 751). In fact, since 2005, Boeing has added 13,000 IAM-represented, and more than 3,800 SPEEA-represented employees to our team. The allegation that recent workforce adjustments are nefarious in nature is simply untrue.

It is true, however, that recent competitive pressures—not to mention geological realities and efforts to increase customer intimacy—have compelled Boeing to diversify our geographic footprint which, in some cases, entailed migrating functions outside the Puget Sound area. Recent workforce changes at Boeing are part of a long-term strategic vision to successfully manage our substantial work statement and leverage the skills and experiences of Boeing's global workforce.

Companies inside and outside of aerospace have similarly geographically diversified their engineering and manufacturing activities as their business and markets grew. As always, when changes do occur, the well-being of our employees is paramount, and we meet and confer with IAM and SPEEA leaders about our plans prior to making work placement announcements.

In the case of Boeing's new support center for in service airplanes, all affected employees in Puget Sound were offered jobs—along with relocation benefits—at the new site. We are also focused on making employment options available to those who choose not to relocate outside of the Puget Sound region. Additionally, SPEEA's characterization that hundreds of engineering jobs are being sent overseas is completely inaccurate. Rather, we use capabilities across Boeing, including our defense and international locations, to optimize resources and ensure the health of our business in an exceptionally competitive environment. Our engineering design centers in Washington state, Southern California and South Carolina complement this strategy by consistently delivering the products and services our customers expect.

Overall, due the global nature of our business, when it comes to employment, there will be occasional fluctuations, as Boeing assesses risk and responds to marketplace imperatives. The important thing is the big picture, which shows a sustained—and importantly a sustainable—commitment by Boeing to Washington state.

Washington's aerospace tax incentives have proven to be exceptionally effective in growing jobs and economic activity in the state. Since these incentives were enacted, Boeing has added nearly 30,000 jobs in the state and committed to placing final assembly and other major components of significant Commercial Airplane programs here, including the 787, 777X and 737 MAX.

The tax incentives are not specific to Boeing. These incentives are currently used by more than 450 Washington aerospace companies. The state's own analysis estimates that the 2013 extension, as approved by a near-unanimous majority in the state legislature, will likely generate more than \$21.3 billion in state and local tax revenue.

The work of the Commission is very important, and I greatly appreciate the support that you, and many other Washingtonians, have extended us as we have a constructive dialogue about our shared future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Bill McSherry', written in a cursive style.

Bill McSherry
Vice President, State & Local and
Global Corporate Citizenship
Boeing Commercial Airplanes

CC: SPEEA President Mr. Ryan Rule