



UPDATE 1-Boeing study says its tanker to create more US jobs

Wed, Mar 10 2010

* Boeing study cites US jobs from its tanker

* Boeing shares up 3 pct

* Company could boost plane production rates (Adds share price, analyst and company comment)

WASHINGTON, March 10 (Reuters) - A study paid for by Boeing Co <BA.N> found that an aerial tanker built by the plane maker would create 10 times more new U.S. jobs than a now-withdrawn plan by Northrop Grumman Corp <NOC.N> and EADS <EAD.PA>.

The study was done before Northrop and EADS, parent of Airbus, said this week that they would not bid to build the tanker. Northrop said the bidding process had been skewed to favor Boeing. [ID:nN08190077]

According to the study, the choice of Boeing to develop and build the tanker should lead to the creation of an estimated 62,605 to 70,706 new U.S. jobs over the life of the contract.

By contrast, the Northrop-EADS tanker would lead to the creation of no more than 7,080 new U.S. jobs, the study said.

Boeing shares, a component of the Dow Jones industrial average <.DJI>, gained 3.3 percent on Wednesday. The stock has risen 29 percent so far this year amid signs that demand for air travel is picking up.

"The stock has had a lot of incremental positives and I think it's gaining a lot of momentum as people realize that the macro environment or the outlook for the industry is improving," said Alex Hamilton, an analyst with C.K. Cooper & Co.

The exit of Northrop and EADS from the tanker competition could provide a boost for Boeing's defense division, which was hit hard by the Pentagon's cancellation of weapons programs in the past two years.

Still, Tim Keating, Boeing's point person in Washington for U.S. government relations, stressed that the tanker contract was not a done deal for his company.

"There is a contract we have to win," he said of the tanker deal. "We have not won it yet. We remain in a competitive situation."

Keating, speaking to a small group of reporters, said Boeing had expected Northrop-EADS to bid "and we were surprised when they pulled out. We really did think they were in it to try to win."

The tanker jobs study was done by Sonecon LLC, a private consultancy headed by Robert Shapiro, U.S. undersecretary of commerce for economic affairs from 1997 to 2001.

EYEING 777 PRODUCTION BOOST

This year, at least two brokerage firms have raised their rating on Boeing's stock. Last week, UBS upgraded both Boeing and EADS to "neutral" from "sell," citing an improved forecast for plane deliveries. [ID:nSGE6230JU]

Hamilton, the C.K. Cooper analyst, also said sentiment on Boeing had likely been buoyed by remarks this week by Jim Albaugh, president of the company's commercial plane division.

Albaugh told a JP Morgan conference on Tuesday that Boeing was mulling whether to boost production rates of its 777 aircraft, with a decision expected in April, and would decide whether to lift rates for its 737 this summer.

Albaugh also said flight testing of the company's 787 Dreamliner carbon-composite plane was "progressing well."

Boeing shares rose \$2.22 to \$70.01 on the New York Stock Exchange, while Northrop closed up 55 cents to \$64.55. (Reporting by Jim Wolf, with additional reporting by Karen Jacobs in Atlanta; Editing by Lisa Von Ahn and Steve Orlofsky)

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