

Welch Allyn to Consolidate U.S. Manufacturing Operations

Jan 12, 2006

Skaneateles Falls, N.Y., USA, January 12, 2006 - Welch Allyn, Inc., a leading global manufacturer of frontline medical products and solutions, today announced it will streamline its U.S. manufacturing operations by consolidating all domestic production at the company's largest facilities in Skaneateles, N.Y. and Beaverton, Ore.

In making the announcement, the company said it will phase out its San Diego, Calif. and Chicago, Ill. manufacturing operations while maintaining a Chicago-based research and development/marketing center to foster continued innovation in cardiac defibrillation. Additionally, the company plans to build a new state of the art, cost-competitive and fully regulatory-compliant manufacturing facility in Mexico to mitigate increased competition from low-cost global manufacturers. The transition is slated to begin this month and will be substantially completed within two years.

"We are taking these proactive steps at a time when our business is strong and growing nicely, and we are in a solid position to make the significant investments in people, plants and processes necessary to ensure our long term growth and competitiveness," explained Welch Allyn President and CEO Peter Soderberg. "These moves will allow us to consolidate our higher technology digital and connected products and services in two facilities and create a cost-competitive facility for some of our high volume consumable products."

Soderberg said Welch Allyn's Skaneateles and Beaverton operations will continue their evolution into high technology centers, capitalizing on increasing global market demand for the company's digitally-enabled patient monitoring, cardiac defibrillation, electronic vital signs and diagnostic cardiology product offerings, in addition to its traditional core opto-electronic product categories.

He said the company's Skaneateles facility will absorb the cardiopulmonary product manufacturing operations from the San Diego facility, while the Beaverton operations will absorb defibrillator manufacturing operations from Chicago. These moves, combined with the reassignment of other operations, will mean immediate employment levels in Skaneateles will be unaffected, while headcount in the Beaverton facility will expand by about 10 percent. Longer-term, full-time permanent employment is projected to continue to increase at both facilities as the company's business continues to expand.

Soderberg explained that the consolidation will provide opportunities for additional on-going employee training and development at all locations to ensure the company can continue to provide high-quality and fully compliant products to the global healthcare marketplace.

"We believe this consolidation is absolutely the right thing to do for the long-term success of the business; however we recognize the hardship it will cause our colleagues in Chicago and San Diego in the short term. We are committed to do everything we can to minimize the difficulties they will face," Soderberg said. "We value the expertise and dedication these people bring to the organization, and will offer an opportunity for affected employees to continue their employment with Welch Allyn in a similar role in either Skaneateles or Beaverton, with relocation expenses covered by the company."

Additionally, Soderberg said the company will actively reach out to all who chose not to relocate by offering a generous separation package, including the continuation of health insurance coverage at the conclusion of their service with the company. They will also receive company-provided outplacement assistance from one of the nation's leading outplacement firms.

About Welch Allyn: Welch Allyn, Inc. was founded in 1915 and is today a leading manufacturer of innovative medical diagnostic and therapeutic devices, cardiac defibrillators, patient monitoring systems, and miniature precision lamps. Headquartered in Skaneateles Falls, New York, USA, Welch Allyn employs more than 2,300 people and has numerous manufacturing, sales, and distribution facilities located throughout the world.

###