Texaco suspends executives for recorded racist comments

■ **APOLOGY:** *The company chairman expressed regret for slurs used by employees*

By Beth J. Harpaz
The Associated Press

NEW YORK — The chairman of Texaco publicly apologized Wednesday for racist statements made by several top executives and said he had suspended two of them who still work for the company.

Texaco chairman and chief executive Peter Bijur also confirmed that the company had received criminal subpoenas from a federal grand jury investigating whether the executives destroyed documents on minority hiring.

Asked if the documents were shredded, Bijur said his legal team was "in the process of securing" them.

"I want to offer an apology to our fellow employees who were rightly offended by these statements ... and to people throughout America and elsewhere around the world," Bijur said during a news conference.

He also outlined a series of steps to review company policies on discrimination and better educate workers.

The racist statements were caught on cassette tapes made in 1994 by an executive, Richard Lundwall, who attended meetings of the company's finance department. After Lundwall's position was eliminated, he retired, then later turned the tapes over to a lawyer suing Texaco for discrimination.

Lundwall and others at the meetings referred to black employees as "niggers" and "black jelly beans," mocked Kwanza and Hanukkah celebrations and discussed destroying the documents on minority hiring, according to court papers in the class-action discrimination lawsuit brought on behalf of 1,500 black Texaco workers.

"I can tell you that the statements arouse a deep sense of shock and anger among all the members of the Texaco family and decent people everywhere," Bijur said. "They are statements that represent attitudes we hope and wished had long ago disappeared."

The tapes came to light Monday, but Bijur said he did not have "audible versions of the tapes" until Wednesday. Once he heard them, he said, he immediately suspended the two executives who had attended the meetings and are still employed by the company, Peter Meade and J. David Keough.

Meade, assistant general manager of Texaco's fuel and marine marketing division, and Keough, chief financial officer of the Texaco subsidiary, Heddington Insurance, were suspended with pay pending the outcome of a company investigation.

Keough, who lives in Bermuda, has an unlisted phone number. Meade declined to comment from his suburban New York home.

The investigation is being handled by an outside attorney, Michael Armstrong, and will be completed by the end of the week, Bijur said.

Bijur also said retirement benefits for Lundwall and a fourth man, retired Texaco executive Robert Ulrich, had also been suspended and would likely be withdrawn.

Lundwall was among the executives who had given depositions in the $540 million lawsuit, which alleges that black employees were denied promotions and advancement opportunities because of their race.

Bijur was asked whether, in light of the tapes' apparent confirmation of the racism allegations, the company would settle the lawsuit. "We are exploring those options," he said, refusing to elaborate.

In San Diego, about a dozen ministers and business officials kicked off a boycott of Texaco products. The group cut up credit cards and urged people to sell shares until the oil giant's leadership is replaced.

Bijur said he had communicated with all employees, denouncing the racism. He noted that Texaco already has anti-discrimination guidelines that every employee is required to sign and has a 24-hour hotline for reporting violations of company policy.

He said he would send senior executives to every major company location in the United States to apologize personally and added that diversity training was being expanded to "create a workplace free of intolerance."

In addition to hiring Armstrong, Texaco has hired A. Leon Higginbotham, a former U.S. Court of Appeals judge, to review the company's fairness policies. The company is also creating a committee to review Texaco's diversity programs.

USAir to buy hundreds of Airbus planes

■ **SALE:** *The airline's move is considered by some the largest in civilian air history*

By Christopher Burns
The Associated Press

PARIS — Muscling out No. 1 jet-maker Boeing, Europe's Airbus sealed a deal Wednesday to sell up to 400 jetliners to USAir in what is seen as aviation's biggest civilian plane purchase.

Industry sources said the agreement, valued at up to $18 billion, involved heavy discounting and generous financing by Airbus, a European consortium that includes state-owned companies.

USAir, which had never bought a plane from Airbus, will purchase 120 Airbus A319s, A320s and A321s to be delivered between 1998 and 2002. The deal also includes another 120 planes to be reconfirmed, plus options for 160 additional planes.

USAir, based in Arlington, Va., wants to replace its aging fleet of mid-size Boeings and McDonnell Douglas planes in the 120- to 190-seat range. The Airbus planes, averaging $45 million each, compete directly with Boeing's 737.

USAir's current fleet is a hodgepodge of nine types of aircraft. A simplified domestic fleet would allow USAir to get more hours out of its planes and pilots, which would lower costs and boost revenue.

Those factors are important as USAir battles low-cost competitors, such as Southwest Airlines, Delta Air Lines' new Express operation and ValuJet, which have moved into USAir's territory in the Northeast United States.

"The market in the eastern U.S. is moving to a lower-fare environment that brings with it increased demand," USAir chairman Stephen Wolf said. "These aircraft, and the flexibility we have in executing orders among aircraft types, will give us cost-efficient planes of the right size at the right time to compete aggressively in this changing market."

The companies didn't say how much the contract was worth or how many of each aircraft USAir was buying.

But aviation industry sources, speaking on condition of anonymity, noted that such a bulk purchase, representing several years work for the Toulouse, France-based jet maker, almost certainly involved "aggressive" discounts from list prices.

Industry observers said the deal was considered the largest for civilian aircraft.