

Boeing CEO Updates Employees on Second-Quarter Results

CHICAGO, July 28, 2021 —Boeing President and CEO Dave Calhoun shared the following message with employees today addressing the company's second-quarter results:

With the onset of COVID-19 more than a year and a half ago, life and work as we knew it were turned upside down. As an industry, we faced it head on and worked together every step of the way. Our market, industry and team are resilient – and we are proving that every day.

Thank you for your hard work and commitment as we drive stability across our operations, improve performance and transform our company for the future. As we share our second quarter results today, you will see our efforts gaining traction and our recovery accelerating, as reflected in improved revenue, earnings and cash flow, as well as stabilizing workforce levels.

While we still have a ways to go before a full rebound, it is encouraging to see the commercial market improving, enabled by continued vaccine distribution and increasing travel demand, particularly in domestic markets. Going forward, we will closely monitor case rates, vaccine distribution, travel protocols and global trade as key indicators for recovery.

And across Boeing, we will stay focused on our own performance, meeting customer commitments and making Boeing a special place to build your career. As you know, we're taking comprehensive actions to strengthen engineering excellence, enhance quality and drive stability and predictability throughout the business and in the supply chain. These efforts reflect our relentless focus on safety and quality, and are preparing us for healthy rate increases when market demand returns to pre-pandemic levels.

In **Commercial Airplanes**, we made significant progress on the 737 MAX with new orders, increased production and higher deliveries, while also diligently supporting the safe return to service of the growing operational fleet. Since the Federal Aviation Administration's (FAA) approval to return the 737 MAX to operations last year, we have delivered more than 130 737 MAX aircraft and 30 airlines have returned their fleets to service, safely flying nearly 95,000 revenue flights totaling more than 218,000 flight hours. We were also encouraged to see commercial customers make long-term investments and reinforce confidence in the 737 MAX, through more than 280 gross orders this quarter.

On the 787, we are conducting inspections and rework and continue to engage in detailed discussions with the FAA on verification methodology for the 787 prior to returning to deliveries. Again, while this has a near term impact, we are fully committed to driving first-time quality and stability in our operations. Safety and quality always take priority over production schedule – and we will continue to take the time needed, transparently engage with our regulators and customers, and create stability for our future.

In our **Defense, Space & Security** business, our team had a strong quarter with improved revenue and earnings. Operationally, the team delivered on several important customer milestones including the historic first MQ-25 unmanned aerial refueling of an F/A-18. BDS also successfully joined the T-7A Red Hawk front and aft sections in under 30 minutes with exceptional quality, leveraging our digital design principles. In the space business, the first Core Stage for NASA's Space Launch System began stacking with other Artemis 1 elements, and our Starliner team is in the final phases of gearing up for the important Orbital Flight Test-2 launch later this week.

Our **Global Services** team showed important signs of recovery and progress, along with improving revenue and earnings – while delivering for our government and commercial customers. BGS signed an expanded parts agreement with Turkish Technic and established a partnership to expand capacity for 737-800 Boeing Converted Freighters. Global Services was also selected to provide C-17 training to the U.K. Royal Air Force, awarded a modification for KC-46A interim contract support for the U.S. Air Force and secured a P-8A training and sustainment contract with the U.K. Royal Air Force.

Beyond program highlights, we took meaningful steps on our sustainability, innovation and technology efforts. In fact, earlier this month, we announced a new strategic partnership to advance the availability and use of sustainable aviation fuels, and we just published our [first Sustainability Report](#). Sustainability touches every part of our company, and we all play a role. I encourage you to review the report and find ways you can support all of our Environmental, Social and Governance (ESG) efforts. This follows the April launch of our [2021 Global Equity, Diversity & Inclusion Report](#), a key step in our equity action plan to be transparent about representation and measure our progress annually against our commitments to advance equity, diversity and inclusion within Boeing and beyond.

Workforce Stability

We're now seeing more stability in our staffing levels, as the commercial market recovery accelerates, our defense and government services business targets growth opportunities and we increase investments to further strengthen engineering, and drive quality and stability in our production system.

Last fall, we planned to reduce the size of our workforce to about 130,000 employees by the end of this year. However, with encouraging recovery trends and our investments in our people, we're now planning to keep our overall workforce size roughly consistent with where we are today, at about 140,000 employees. As we have done throughout the pandemic, we will also continue hiring in some parts of our business to fill critical skill positions and meet customer commitments. Going forward, the pace of the commercial market recovery, trade relations with China and our own performance will be key enablers to overall employment levels.

As many of our teammates who have been telecommuting through the pandemic return to Boeing facilities or begin hybrid work arrangements – we are focusing on strengthening our culture. We're maintaining flexibility, prioritizing health and safety, and providing well-being resources to help our employees and communities navigate the post-pandemic recovery and related uncertainties that are developing in pockets around the world. We're also continuing to incorporate our Seek, Speak & Listen (SS&L) habits, helping to empower our teams to connect across perspectives, learn from one another, share ideas, speak up and strengthen our culture of inclusion and integrity. And as a leadership team, we're increasing travel to meet with our customers, suppliers and teams, to get as close as possible to our manufacturing and engineering work, while supporting all of you who are delivering for our customers.

Thank you for all you do. Boeing is 105 years strong, and every day we're building a better Boeing not only through the products and services we deliver but also in how we operate, innovate and support each other. While risks and challenges remain, and we have more work to do, I am confident in our future and proud to be on your team.

Dave
