Boeing CEO Updates Employees on First-Quarter Results

CHICAGO, April 27, 2022 —Boeing President and CEO Dave Calhoun shared the following message with employees today addressing the company's first-quarter results:

Team,

First, I want to again acknowledge the loss of those on board China Eastern Airlines Flight MU 5735. Our thoughts and prayers remain with the family members and loved ones of the passengers and crew, and everyone who has been affected by this accident. We will continue to support our airline customer and a Boeing technical team continues to support the National Transportation Safety Board and the Civil Aviation Administration of China, who is leading the investigation.

The first quarter presented new challenges for our world, our industry and our business. As we share an update on our company's performance today, I want to begin by saying thank you. Despite the current environment, we continue to make important progress together toward our key commitments.

Through our first-quarter results, you'll see we still have more work to do; but I remain encouraged with our trajectory, and we are on track to generate positive cash flow for 2022. We are a long-cycle business, and the success of our efforts will be measured over years and decades; not quarters. The deliberate actions we're taking now will drive stability in our operations and position us for long-term, sustainable performance.

We've embodied this approach on the 737 MAX program by following a comprehensive and methodical process to safely return airplanes to service.

The 737 MAX is now approved to fly in nearly every country, and since late 2020, the fleet has safely flown more than one million flight hours with schedule reliability above 99 percent. We delivered 81 737 MAX airplanes in the first quarter, including 34 in March. We also steadily increased production and are on track to reach a rate of 31 per month in the second quarter. We'll continue to prioritize quality, stability and supply chain capacity in determining future production increases.

The **Commercial Airplanes** team is applying that same focus to the 787 program as we complete a comprehensive effort to ensure every airplane in our production system conforms to our exacting specifications. Marking an important step, we have submitted the certification plan to the FAA. We also completed the required work on initial airplanes and are conducting Boeing check flights. We will continue to give our teams the time they need, engage transparently and follow the lead of our regulator on next steps and timing.

We also successfully launched our 777-8 Freighter program in the quarter, with our partner Qatar Airways, as cargo demand continues to grow. And on the 777-9 program, while the team is progressing well in development and testing, delivery of the first 777-9 airplane is now expected in 2025, based on an updated assessment of the time required to meet certification requirements.

To minimize inventory and the number of airplanes requiring change incorporation, we're also adjusting the 777-9 production rate ramp, including a temporary pause through 2023. This adjustment will also enable us to add 777 freighter capacity starting in late 2023. We remain confident in the 777 program and our customers continue to see the value in its compelling economics and sustainability benefits. Airplane programs serve our market for several decades, and it is important we take the time now to position for long-term success.

Within our **Defense, Space and Security** business, we continue to see solid and stable demand. Our portfolio is well positioned and our future franchise programs have a long runway ahead. That said, supply chain constraints, COVID-19 disruption and inflationary challenges drove cost pressures and earnings charges on some of our fixed price development programs. We're navigating through these challenges and are focused on improving our own performance as we mature these programs and transition to production.

At **Global Services,** our business has largely recovered from the most severe impacts of COVID-19 and the team has demonstrated exceptional resilience and adaptability. As the market recovers, our well-balanced portfolio of both commercial and government services is well positioned for growth.

Across our markets, we're seeing increasing stability. Notably, the commercial market recovery is broadening and demand is solid as operators look to bring capacity back online and plan for growth, with an eye on sustainability. In fact, we booked 167 gross commercial airplane orders this quarter, including 134 for the 737 MAX.

While many markets stabilize, we also continue to navigate the shifting global landscape, including the impacts of the war in Ukraine. The safety of our employees in Ukraine has our focus, and we are supporting them every way we can. We have also contributed to humanitarian groups offering food, shelter and medical care to displaced Ukrainians. I am proud of our teammates who have made their own donations, which Boeing is matching, and of all those in the region who have opened their hearts and homes to displaced teammates to ensure they have the shelter and supplies they need.

At the same time, we are following the lead of the U.S. government and strictly adhering to export controls and restrictions. We have suspended engineering support, flight training and customer operations, as well as parts delivery and maintenance support services for Russian customers. Separately, we've also halted the importation of titanium from Russia.

While these actions had an impact on our business; they are the right thing to do and our operations are well positioned. We have built up a substantial titanium inventory and a diverse supply base. We have sufficient material and parts in inventory for production in the near-term and are working to ensure long-term continuity.

As we navigate today's environment, we're also positioning for our future and increasing investments in key areas of safety, producibility, digital transformation, sustainable aerospace as well as in our people. At Boeing, our team has an opportunity to make a meaningful impact on the world — and we are investing in you, in your experience and in our culture. As we hire engineers, mechanics, quality professionals, safety experts and more, we're also advancing our inclusive culture and ensuring Boeing is a great place for everyone to build rewarding and fulfilling careers.

Thank you for all you continue to do to support our customers, our company and each other. I am confident we are taking the best actions to rebuild trust, strengthen safety, enhance quality and drive stability for our future. I am proud to be on your team and look forward to continuing our progress forward, together.

Dave
