

Boeing CEO Updates Employees on 3rd-Quarter Results

- Making strides in a challenging environment.

CHICAGO, Oct. 26, 2022—Boeing President and CEO Dave Calhoun shared the following message with employees today addressing the company's third-quarter results:

Team,

We continue to make important strides in our turnaround effort as we drive stability and focus on performance. That said, we remain in a challenging environment and have more work ahead to ensure we're consistently delivering on our commitments and reestablishing the strength of our company.

This is reflected in the third-quarter results that we're sharing today. As we begin to hit key operational milestones, we were able to generate \$2.9 billion in free cash flow in the quarter. This sets us on a very solid path to achieving positive free cash flow for 2022, which has been our leading financial metric for the year.

While our cash generation was strong, our revenue and earnings were significantly impacted by losses on fixed-price development programs in our defense business, driven by higher estimated manufacturing and supply chain costs, as well as technical challenges. We're squarely focused on maturing these programs, mitigating risks and delivering for our customers and their important missions.

Nearly every industry is navigating broad supply chain, inflation, labor and macro-economic challenges – and we're certainly no different. We're realistic about the environment we face and are taking comprehensive action.

Within our production facilities, we're not pushing the system too fast. We're slowing down when necessary and working hard to ensure work gets completed in sequence. We've also added more than 10,000 employees this year and are investing in their training and development to accelerate the experience curve and improve productivity. We're also working hard to drive stability in our supply chain. We've increased our onsite presence at suppliers, expanded our digital inventory tracking tools, created teams of experts to address common industry-wide shortages, ramped up internal fabrication for surge capacity, added industrial engineers in support of manufacturing, and have increased inventory of select parts and components for risk protection. With safety and quality at the forefront, we are prioritizing stability and predictability every step of the way.

Even in this challenging environment, we've been pleased with our progress.

- In **Commercial Airplanes**, our team returned to delivering 787s this quarter following a comprehensive and rigorous process. This was another concrete example of how we're prioritizing quality, stability and transparency in everything we do. In total, the BCA team delivered 112 airplanes, including nine 787s and 88 737s. And as customers plan for their future and seek to achieve sustainability goals, demand for our fuel-efficient new airplanes has remained strong, demonstrated by 227 net orders across our product family, led by important deals with [WestJet](#), [UPS](#), [Cargolux](#) and [China Airlines](#).
- Despite challenges, our **Defense, Space and Security** business was also able to meet key milestones and generate strong orders. Notably, we delivered [four MH-139A Grey Wolf test aircraft to the U.S. Air Force](#) and received contracts for additional KC-46A tankers for both the U.S. Air Force and the Israeli Air Force. We were also honored that the [Government of Poland selected](#) our AH-64E Apache for the Polish Armed Forces' new attack helicopter fleet.
- And our **Global Services** team performed exceptionally well supporting our customers as their fleets and operations expand, resulting in another strong quarter of revenue and margins. The team [delivered the 100th contracted 737-800BCF to AerCap](#), and earned key business, including a follow-on [KC-767A Performance Based Logistics support](#) contract for the Italian Air Force and an F/A-18 depot support order for the U.S. Navy.

As we focus on meeting commitments today, we're also investing in foundational capabilities for our future. This quarter, we opened three state-of-the-art facilities including our [Advanced Composite Fabrication Center](#) in Arizona; a Center for Additive Manufacturing Excellence in Washington State; and a Boeing Aerospace and Autonomy Center with MIT in Massachusetts.

I was also energized to be part of [Wisk's unveiling](#) of the world's first self-flying, four-seat, all-electric, vertical takeoff and landing air taxi that we believe has a very bright future ahead.

We're doing important work and are making meaningful progress, together. Turnarounds take time – and we have more work to do – but I am confident in our team and the actions we're taking for the future. Thank you for all that you do to support our customers, our company and each other.

Dave

