

Boeing CEO Updates Employees on Third-Quarter Results

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CHICAGO, October 27, 2021 —Boeing President and CEO Dave Calhoun shared the following message with employees today addressing the company's third-quarter results:

I want to begin by acknowledging that Friday, Oct. 29 marks three years since the Lion Air Flight 610 accident, which claimed the lives of 189 people. In remembrance, I ask all Boeing employees to join me in taking a few, solemn moments on Friday to remember those lives lost. The memories of those 189 victims, as well as the 157 people who lost their lives on Ethiopian Airlines Flight 302, drive the important work we do and forever remind us of the trust the flying public places in us to bring them to their destination safely. Across Boeing, we must continue to learn from our past, let our strong values guide us, and honor the memories of those lives lost by ensuring a steadfast focus on safety, quality, integrity and transparency in all we do.

As we share an update on our company's performance today, I want to thank you for your resilience and dedication. You've continued to bring your best to Boeing each and every day. Thanks to your teamwork and tireless efforts, we're making progress.

Our commercial market is showing improved signs of recovery with vaccine distribution and border protocols beginning to open. As demand returns, supply chain capacity and global trade will be key drivers of our industry and the global economy's recovery.

In the third quarter, we posted our second consecutive positive earnings from operations, demonstrating our recovery is taking hold. While progress is encouraging, we also recorded charges and expenses that negatively impacted results, reinforcing the importance of our efforts to enhance our own performance and drive stability in our operations.

As we work our way through this pivotal time for Boeing, we're taking meaningful actions to strengthen engineering excellence, enhance quality and drive stability throughout our production system and in the supply chain. These efforts often help us identify where we can improve. While that can impact near-term results, it demonstrates our relentless focus on safety, quality and the long-term health of our business.

For example, in **Commercial Airplanes** on the 787 program, I know this important work has impacted our deliveries. While we never want to disappoint or cause delays for our customers, quality and safety always come first – and I am proud of our team for the detailed and rigorous work they're completing to ensure we meet the highest standards, while communicating transparently with our regulators, customers and suppliers. Although this effort lowered revenue in the quarter and drives increased expenses, these actions are essential to bolstering the long-term health of the program and are preparing us for sustained growth and success as market demand returns.

This same focus has started to prove out on the 737 MAX. During the third quarter, we delivered 62 737s, the most since the first quarter of 2019. Since the FAA's approval to return the 737 MAX to operations, we have delivered more than 195 737 MAX aircraft; and airlines have returned more than 200 previously grounded airplanes to service, safely flying more than 500,000 flight hours. Demand also remains strong, and we have achieved eight straight months of positive net orders, largely driven by the 737. To meet this demand, we're now producing at a rate of 19 airplanes per month, and plan to steadily increase that rate to 31 per month in early 2022.

Similarly, we're increasing freighter production and conversion capacity to meet the robust and fast growing demand for air cargo due to the surge in e-commerce. This quarter, we received 24 additional freighter orders; and between new and converted freighter orders this year, we have already surpassed the highest annual freighter order tally in our history.

Global Services had another strong quarter with improved revenue and earnings, as the team continues to perform and recover from the impacts of COVID-19. We captured orders for 12 additional 737-800 converted freighters, and also expanded a partnership to increase capacity for 767-300 Boeing Converted Freighters. Underscoring the strength of our government services portfolio, we also received a U.S. Department of Defense award for performance-based logistics support of the global C-17 fleet, and a modification award for Chinook infrared suppression systems for the U.K. Armed Forces.

Defense, Space and Security also continued to meet key milestones. The team successfully conducted MQ-25 unmanned aerial refueling of a U.S. Navy E-2D and F-35C; and delivered 37 aircraft in the quarter, including the first CH-47F Chinook to the Royal Australian Army. We also recorded an earnings charge on the Commercial Crew program, driven by the second uncrewed Orbital Flight Test now anticipated in 2022 and the latest assessment of remaining work. The safety of the Starliner spacecraft, our employees and our crew members remains our number one priority and we are taking the time to work through the process now to set this system up for success on OFT-2 and all future Starliner missions.

Defining our Next Chapter

As we focus on delivering for our customers, we're also advancing technologies and digital manufacturing capabilities to drive our next generation of products and a more sustainable future.

We're progressing in development across several key franchise defense programs, and on the 737-7, 737-10 and 777X development and certification efforts. We're also evaluating the timing of a freighter version of the 777X and are beginning to lay the foundation for our next commercial airplane development program.

This quarter, we stood up our dedicated Integrated Product Team to bring together a digital environment where the next new airplane and production system can be designed together. The effort builds upon years of experience and digital learnings across Boeing, including most recently on the T-7A Red Hawk - the first aircraft designed, built and tested along a digital thread using model-based engineering for the United States Air Force. This will be an enterprise effort and all business units and major functions will play a role.

Looking forward, we are maintaining, and in some cases expanding, key investments that will define our future. Whether we're investing in manufacturing technology, digital environments, technology advances, supply chain capability or platform designs - sustainability will be a key factor in every decision.

And in support of these initiatives and more, we are investing in our people and focusing on attracting, engaging and developing our employees to ensure Boeing is always a unique place to build your career.

Employee Health and Safety

As we navigate together through the pandemic, ensuring the health and safety of our global workforce remains a core priority. The actions we've taken including implementing new safety measures, expanding access to vaccine and healthcare resources, and adapting our approach to virtual work, have all helped support our people, our industry and our communities.

As you know, after careful review and consideration, and to ensure compliance with President Biden's recent [executive order](#), we are implementing a requirement for U.S.-based employees to either show proof of being fully vaccinated from COVID-19, or have an approved disability, medical condition or religious accommodation in place. We are fully committed to assisting our teammates in meeting this requirement, and have dedicated resources and services for employees.

I am proud to be on your team and thank you for all that you do to support our customers, our company, our communities and each other. We're making meaningful progress, and I am confident in our future.

Dave
