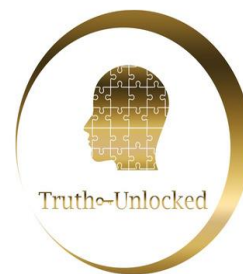


The Boeing Company: FINAL Report Q3 & Q4 2023 Earnings Statements & Calls

Truth Unlocked - Linguistic Analysis & Training



Ticker: NYSE: BA
Sector: Industrials (Aerospace & Defence)
Share Price: USD182.53

21st March 2024

F.L.A.G. Rating:



CONCLUSION: Downside Risks Dominate

The variety and clusters of linguistic markers that we have identified suggest a wide disconnect between what the Boeing Executive are stating in their prepared Earnings Statements and Calls and in their responses to the Q&A sessions. In other words, the message being conveyed belies the reality of the situation. We have identified 5 specific key areas where investors should investigate further and direct their questions.

1. Safety & Quality - F.L.A.G. Rating:

We have flagged Safety and Quality as being the highest risk factor within our analysis. Whilst this may be a known issue now, the linguistic markers from the Executive at Boeing suggests that despite statements confirming safety and quality are under control now, the opposite could be the case.

Our analysis suggests there may be other unknown and potentially known issues yet to come to light.

Key Linguistic Markers - Examples

- Although this is a financial statement, linguistic priority is to apologise as follows: 1. To Alaskan Airlines 2. The Crew 3. The Passengers.

- The Executives' statements have a consistent thread throughout which reflect the linguistic pattern beneath – David L. Calhoun's (CEO) priority here is not centred primarily on passenger safety but to commercial customers – the airlines – and now the regulators. It suggests that at an Executive level, their thinking moving forwards remains unchanged. It is this that led to the issues at hand.

- Ben Minicucci, CEO of Alaska Airlines: "My heart goes out to those who were on this flight. I am sorry for what you experienced." Despite potential liability to their airline, Mr Minicucci's statement here contrasts significantly with David L. Calhoun's. Alaska Airlines recognises and empathises with the passengers, unlike Boeing, and ultimately if the passengers do not believe Boeing airplanes are safe they will not fly Alaska Airlines.

- David L. Calhoun congratulates Alaskan Airlines for grounding the airplanes and for ensuring safety. Boeing, however, does not reference or suggest that they discussed or expressed any such recommendation to Alaskan Airplanes to ground their airplanes. We look at what is said and what is unsaid – David L. Calhoun wishes to avoid the subject by not talking about it. We recommend questions be asked about whether Boeing discussed grounding the planes and if not, why not?

- Alaskan Airlines Flight 1282 is referred to by David L. Calhoun simply by name, not as an 'incident' or 'accident' – which may seem innocuous, but it is not by chance. By omitting this, he seeks to minimise what happened by saying nothing. Boeing Executives have a need to distance themselves from the event, and omission is a tactic employed by those who wish to misdirect, minimise their actions or express themselves 'truthfully'. Omission allows those trying to conceal information or those who do not wish to be questioned about something sensitive to subtly avoid linguistic cues which would trigger such questions.

- The Executives' lack of commitment suggests there may be other issues known to them or that are being explored. This is leaking into their language. We recommend that this be investigated.

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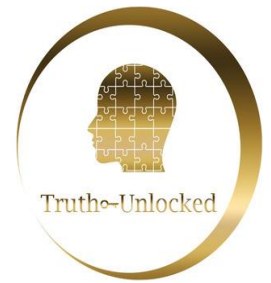


2. Transparency - F.L.A.G. Rating: [REDACTED]	Key Linguistic Markers - Examples
<p>In the most recent two quarters there has been an increased focus on the declaration of Boeing's 'transparency'. We have noted that the "transparency" has been predominantly future conditional – in other words, their transparency is locked in the present, and not the past.</p> <p>In our experience, a need to reinforce and to persuade like this often suggests particular sensitivity in that specific area. In this case, this flags that the issue of their past transparency must be investigated as it is extremely sensitive to them.</p> <p>Potential issues around transparency remain, but the Executive's current focus is to convince that they are – now – transparent. This may suggest they have a strategy or caveat to protect past issues that may arise where transparency may be questioned. There is a need to persuade the market</p>	<ul style="list-style-type: none"> - "We expect challenges to come our way and when they do we are transparent". [David L. Calhoun]. These challenges are not defined and must be questioned – most importantly as they are linked to <u>transparency</u>. - In Q3 2023 initial transparency was reflected as a company, but then in Q4 2023 transparency was focused on their employees speaking up. This point is repeated for emphasis and is likely to be for a reason. Boeing imply a disconnect between the 'shop floor', their managers, and the Executive which Boeing appear to be claiming as being the key reason for the manufacturing errors. This could provide them with plausible deniability for future issues – we would suggest thorough questioning. - This is 'book-ended' by Boeing with further statements at the end mentioning "we will encourage and reward employees for speaking up". This does not convey that they have communicated this policy to their employees. This should be explored. The important point to flag here is that their employees are not the intended audience of this message. Boeing are talking to their shareholders, and the message is what they 'will' do and not what they 'have' done. We would expect that, had such a message been sent to their employees by the Executive, then clearly this would be something they would report in the past-tense and with conviction. - David L. Calhoun encourages employees to "use your voice, speak up" – this rallying cry within the pre-prepared element at the very end of the Q4 2023 Earnings Call may be deliberate, in that his final message to investors is that these employees need to speak up otherwise problems with the planes will continue to arise. - Through this "transparency", Boeing are finding 'items' that they need to resolve. 'Finding' is active and in the present – Boeing are in other words, still finding issues, which they are minimising in their language as 'items'. We would recommend investigating this area thoroughly to determine what the issues are, as the minimisation may reflect that some items may in fact be more significant issues. - Whilst admitting that they caused the problem; it is at this point the word 'transparency' appears <u>specifically</u> in relation to conversations and repairing ("restore") the planes. The use of 'transparency' is both unusual and concerning. Questions about what was known about construction concerns or issues must be asked – we would expect transparency. - We flagged this as a matter needing urgent clarification as the theme of transparency within Q3 & Q4 is unnecessary, therefore it is important.

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3. Production Issues - F.L.A.G. Rating: 	Key Linguistic Markers – Examples
<p>Our analysis suggests that whilst increasing new airplane production is a priority, various linguistic markers suggest that the greatest priority is given to repairing defective planes from the known issues which have been in the media.</p> <p>However, subtle changes in language could suggest there are further checks being made for other defects, either known to Boeing or to check for further possible defects. In other words, the planes in for the known defects may have a longer time at the factory before they are able to release them back into service.</p> <p>Linguistic confidence and commitment are low and suggest that even before the Alaskan Airways door blow-out, there was concern about production issues and delivery that may delay production or increase delivery dates beyond the 2025-2026 dates promised.</p>	<ul style="list-style-type: none"> - Boeing Executives’ use of the word “Expectation” in relation to plane delivery suggests there are known specific issues, or knowledge of operational issues they suspect may reveal further hereto unknown problems that could come to light. This does not account for the potential further challenges they are expecting. - Whilst the suggestion is that the priority is to deliver new airplanes, the various linguistic markers in their language suggest otherwise. Boeing imply that their focus is on new production, however their linguistic priority is towards the repair (“rework”) of the fleet of grounded planes with issues, such as the rear pressure bulkhead (“inventory”). The minimisation in their language suggests that this is likely to be a greater issue in reality than may be being disclosed. - The lack of linguistic commitment, despite what is being said, suggests that current orders and increasing new airplane production may not be met until 2025-2026, or possibly beyond this date. - The language used throughout seeks to minimise the manufacturing defects, the numbers of planes they still have to clear and the issues involved in clearing them. - Boeing do not express commitment in their language to clearing the 787 and 737 repairs in 2024. We would suggest further questioning in this area. If the fault(s) is/are known then this should have an anticipated a timeframe per plane and an overall time duration. - The Executive have a need to persuade that non-conformance issues are not uncommon in the industry. The need to ‘hide in a crowd’ spotlights to us that this issue is their biggest concern at this moment in time. - Investors should ask questions about when planes will ‘return to service’. The current ‘rework’ as they call it may not be taking into consideration other repair works that may have been identified since the aft pressure bulkhead issues and the cabin blow-out. - The repetition of the word ‘stability’ and the need to reinforce this within Boeing Commercial Airplanes (BCA) suggests there are many destabilising factors which haven’t been addressed, completed, or identified.

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4. Supply Chain - F.L.A.G. Rating: ██████████	Key Linguistic Markers – Examples
<p>Spirit AeroSystems, responsible for the fuselage, had the greatest priority and range of linguistic sensitivities. The appointment of Pat Shanahan as CEO highlighted a disconnect in Boeing Executives’ language towards this appointment. This showed disparity between Pat Shanahan’s Executive role and his abilities, which they reference at ‘shop floor’ level – the latter being Boeing Executives’ greatest priority.</p> <p>In this context, the imminent re-acquisition (re-merger) with Spirit AeroSystems back into The Boeing Company underlined why this entered their language and is the primary reason for Pat Shanahan being placed for his shop floor experience. There is a need to gain some form of knowledge and oversight into safety and quality issues. As mentioned, the Executives’ language suggests that this may still be an unknown quantity to Boeing.</p>	<p>- <i>Spirit AeroSystems</i> – Our analysis shows the appointment of Pat Shanahan as President and CEO at Spirit AeroSystems as being ambivalent. His abilities at the shop floor level appears to be valued more greatly than as CEO in Boeing’s Executives’ priorities.</p> <p>- Many agreements have ‘recently’ been reviewed or established across the core businesses. We would explore why there has been an urgent need to review contractual relationships outside of the supply chain dynamics.</p>
5. Financials - F.L.A.G. Rating: ██████████	Key Linguistic Markers - Examples
<p>Our analysis suggests that costs of the “shadow” factories involved in the repair of airplanes from the known faults – and potential further issues that may be identified – are greater than have been revealed.</p> <p>We recommend that this area be investigated, as the Earnings Statement & Call Q4 2023 produced the greatest cluster of linguistic markers that we identified.</p>	<p>- Brian West, CFO of Boeing, displays the greatest linguistic sensitivity in this quarter when asked about cost of the shadow factories – this is incredibly sensitive to him and should be investigated further and questioned.</p> <p>- Repetition in mentioning their investment grade credit rating may bely concern over maintaining that credit rating.</p>

F.L.A.G. Rating

The F.L.A.G. rating stands for our Forensic Linguistic Analysis Gradient of both overall and individual observational risk areas we have identified. The gravity of the risk is identified using forensic linguistic analysis.

██████████ **Red:** The Category identified is High risk. If this is flagged, this could pose significant concern for the company’s performance and, by default, their share price.

██████████ **Amber:** This area is Medium risk and has significant flags which warrant investment analysts to question and investigate the issue(s) further. We will often provide guidance on the both the issue at hand and the best questions to ask to elicit a clear response.

██████████ **Green:** Low risk, but is still an area of concern. Investment analysts should explore, and also make note to track the issues in forthcoming Earnings Calls.

Truth Unlocked Ltd

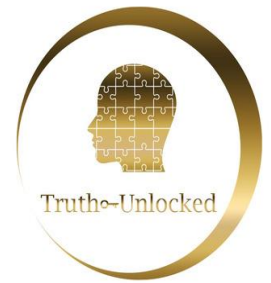
Please contact us should you wish to learn more about our “Company Earnings Analysis” Service findings for The Boeing Company. You can find out more about us and what we do on our web-site: www.truth-unlocked.com. There are a number of Case Studies that might be of interest to you.

Disclaimer

Without prejudice, we do not represent, warrant, undertake or guarantee that the use of this analysis will lead to any particular outcome or result. We will not be liable in respect of any business losses, including without limitation loss of or damage to profits, income, revenue, use, production, anticipated savings, business, contracts, commercial opportunities, reputation or goodwill.

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Timeline: October 2018 to 11th March 2024: Share Price v Key Events (NYSE: BA)



The velocity of negative news and events has increased considerably over the course of Q1 2024.



Key Events

Truth Unlocked have identified a number of revealing press articles, some of which have been outlined below. Readers can easily locate more articles for themselves as negative news continues to break;

Date	Share Price (USD)	Article	Date	Share Price (USD)	Article
5 th Jan 2024	249.00	Key bolts were missing	28 th Feb 2024	207.00	Boeing review finds 'safety disconnect'
6 th Jan 2024	-	Alaska Airlines grounds 737 Max 9 fleet	29 th Feb 2024	203.72	DoJ investigation begins
31 st Jan 2024	211.04	Boeing suspends financial guidance	4 th Mar 2024	200.54	Re-merger of Boeing and Spirit AeroSystems
5 th Feb 2024	206.63	Boeing delay 737 Max deliveries	4 th Mar 2024	200.54	'Fix the culture that you have destroyed'
9 th Feb 2024	209.20	Production pressures	6 th Mar 2024	201.00	Boeing not providing records
15 th Feb 2024	205.33	Boeing Plane Deliveries Fall 29%	11 th Mar 2024	192.49	Passengers injured after 'technical' issue mid-air
26 th Feb 2024	200.54	Boeing Safety Culture Faulted by F.A.A.	11 th Mar 2024	192.49	Boeing whistleblower found dead in US