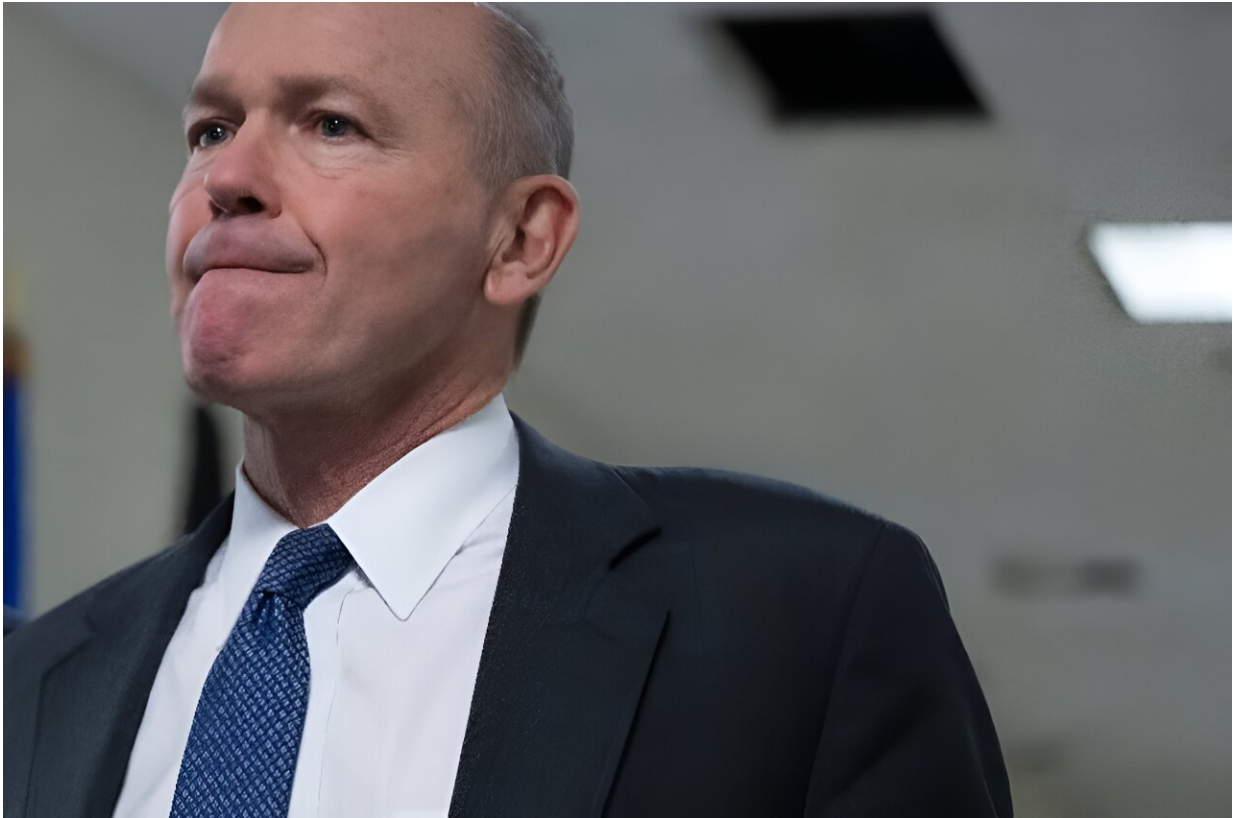


Boeing CEO to exit as safety concerns mount

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Boeing CEO Dave Calhoun is to step down after safety questions piled up for the company.

Boeing announced Monday a leadership shakeup headlined by the departure of CEO Dave Calhoun as the aviation giant faces heavy scrutiny following safety incidents and manufacturing issues.

Calhoun will depart at the end of 2024. Stan Deal, Boeing's head of commercial airlines since 2019, will exit immediately, while the company's chairman, Larry Kellner, a former airline CEO, will depart after the company's annual meeting this spring.

Replacing Deal will be longtime Boeing executive Stephanie Pope, while former Qualcomm CEO Steve Mollenkopf will serve as the new chairman.

The sweeping personnel changes come in the wake of Boeing's near-catastrophic incident in January when a fuselage panel on a Boeing 737 MAX 9 Alaska Airlines jet blew off mid-flight.

Calhoun called the Alaska Airlines incident a "watershed moment" for the company in a letter to employees, predicting the aviation giant would ultimately emerge as "a better company."

Several analysts greeted the action, but cautioned that it would take time for Boeing to turn itself around.

Shares advanced on the announcement, which follows criticism of Boeing's manufacturing and quality control practices from the Federal Aviation Administration.

Restive clients

Boeing has also faced heavy questioning from airlines, who had requested a meeting with the Boeing board in a move seen as a sign of restiveness among carriers.

The Alaska Airlines incident put Boeing back in the hot seat, a familiar spot after a 20-month grounding of the 737 MAX following fatal crashes in 2018 and 2019.

Boeing had originally tapped Calhoun, a longtime board member, as CEO after ousting former chief Dennis Muilenburg in December 2019 amid widespread criticism of Muilenburg's handling of the MAX crisis following the crashes.

Calhoun's tenure was challenged by the effects of the MAX grounding, and the severe industry downturn due to COVID-19 that was quickly followed by a frenzy of new orders from airlines facing surging post-pandemic travel demand—with the flood of orders straining the industry's supply chains.

In April 2021, Boeing extended Calhoun's contract as CEO potentially through 2028, raising the company's retirement age to 70.

But in recent weeks the company has faced questions following other potentially dangerous episodes, including an incident in New Zealand in which a Boeing 787 Dreamliner lost altitude mid-flight from Sydney to Auckland, injuring some passengers.

But the Alaska Airlines incident has proved especially bruising, generating a skit on Saturday Night Live and prompting an uptick in consumer requests to avoid Boeing aircraft while booking online travel.

Mixed reaction

The leadership changes were praised by Ryanair Chief Executive Michael O'Leary as "much needed" as the Irish carrier pointed to delayed new aircraft deliveries as a drag on the company's prospects.

But Michel Merluzeau, an aeronautics specialist with consulting firm AIR, expressed misgivings, saying, while there is a need for "fresh enterprise leadership" at the top, "the urgency lies primarily on the factory floor."

Susannah Streeter of Hargreaves Lansdown said Boeing "has been left largely rudderless," and that whomever is recruited as the next CEO "will have a mountain to climb in terms of enacting culture change in the organization and restoring the company's safety credentials."

In an interview with CNBC, Calhoun described the personnel changes as "all about a clear path to give our best people internally an opportunity to shine in front of the board to demonstrate everything that they can do."

Formerly head of Boeing Global Services, Pope was promoted to chief operating officer in January. She takes over commercial planes immediately.

With degrees in electrical engineering, Mollenkopf, a Boeing board member since 2020, will lead the search for the next CEO.

In his letter, Calhoun praised Kellner for recruiting "superb" board members, including members with engineering degrees or aviation safety backgrounds, in some cases replacing outgoing board members who were politicians or Washington insiders.

Shares of Boeing rose 1.4 percent.

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