

## **Boeing to compensate United Airlines for MAX 9 grounding**

- A Monitor Desk Report

Date: 22 April, 2024



**Virginia: United Airlines will receive compensation from aircraftmaker Boeing for financial damages incurred in the first quarter due to the grounding of 737 MAX 9 aircraft, the carrier said.**

U.S. regulators had in January grounded some Boeing 737 MAX 9 aircraft for about three weeks for safety checks after a cabin panel blowout on an Alaska Airlines-operated MAX 9 jet.

The incident had forced United Airlines — a prominent Boeing BA.N customer — to temporarily suspend service on all 79 of its 737 MAX 9 aircraft, which resulted in a \$200 million hit for the airline in the first quarter.

United Airlines said in a filing on Wednesday that a confidential

agreement with Boeing will provide it with “credit memos” for future purchases to make up for the grounding damages and the rescheduling of deliveries.

A credit memo is an official written acknowledgement that money is owed back to a customer.

As of Feb. 5, 78 of the 79 737 MAX 9 aircraft operated by United Airlines had returned to service after receiving a final approval from the Federal Aviation Administration.

In response to a request for comment, Boeing pointed to its CFO Brian West’s remarks at a conference in March.

West had then said “customer consideration is going to manifest itself in the quarter (after the grounding), in the P&L and we’ve got to take care of that.”

Alaska Air had said earlier in April that Boeing paid about \$160 million to the airline in the first quarter as initial compensation to address the hit from the grounding.

The mid-air panel blowout has undermined the reputation of Boeing, which has undergone a management shakeup and seen U.S. regulators put curbs on its production while its deliveries fell by half in March.

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