

ANGIE CRAIG

2ND DISTRICT, MINNESOTA

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

HIGHWAYS AND TRANSIT

WATER RESOURCES AND ENVIRONMENT

AVIATION

RAILROADS, PIPELINES AND
HAZARDOUS MATERIALS

Congress of the United States
House of Representatives
Washington, DC 20515-2302

COMMITTEE ON AGRICULTURE

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RURAL DEVELOPMENT, AGRICULTURE, TRADE
AND ENTREPRENEURSHIP

INVESTIGATIONS, OVERSIGHT AND REGULATIONS

January 23, 2020

Office of the Corporate Secretary
Boeing Corporate Offices
100 N. Riverside Plaza MC5003-1001
Chicago, IL 60606-1596

Dear Boeing Board Members:

As a Member of the House Transportation & Infrastructure Committee and Aviation Subcommittee with an active interest in oversight of the Boeing 737-MAX tragedies, I write to urge the Board to strongly consider recouping compensation from former Boeing CEO Dennis Muilenburg. It is unconscionable that the Chief Executive of a publicly-traded corporation whose management control failures caused hundreds of deaths across the globe would exit the company with tens of millions of dollars in personal compensation. Specifically, I am asking you to examine utilizing your contractual right as well as federal clawback policies to accomplish this request.

As you may be aware, I discussed Mr. Muilenburg's compensation with him in an October 30, 2019, hearing where he appeared and answered questions before the House Committee on Transportation & Infrastructure.

When I asked him about whether or not he would decline Board-awarded performance-based restricted stock units or restricted stock units for his work during the time periods he was in leadership and the 737 Max were under development, Mr. Muilenburg testified to the Committee: "It's not about the money for me – and it's not just why I came to Boeing..." and "I didn't come to this company for money." He further demurred and punted compensation decisions to the Board of Directors. Approximately two months later, on December 22, 2019, Mr. Muilenburg ceased to serve as President and Chief Executive Officer of the Company, and resigned as a member of the Board.

Since it is indeed up to the Board, I am asking the Board to act. Recent filings with the SEC make clear Mr. Muilenburg left the company with a compensation package estimated to be as high as \$80 million in value through a combination of Boeing stock, performance-based stock, restricted stock units, pension payments, and other deferred contributions. If any of this remaining compensation was awarded by the Board to Mr. Muilenburg during the development timeline of the 737 Max, I am asking you to specifically use clawback authority granted to the Board of Directors and recoup those awards.

Given that multiple tragic, and likely preventable, crashes occurred under Mr. Muilenburg's leadership at Boeing, I am concerned the board did not go far enough in withholding

¹ <https://www.youtube.com/watch?v=yrt8BvAKHyg&feature=youtu.be>

compensation from him, including the utilization of its authorities to recover the compensation under contract that is noted in the 8-K filing.

With that in mind, I urge the Board to use all recourses available to it, including its internal clawback policy and existing federal laws and regulations, such as Section 304 of the Sarbanes-Oxley Act.

As you are aware, the internal policy grants the Board the authority to “require reimbursement of any incentive payments to an executive officer if the Board determines that the executive engaged in intentional misconduct.” The Board should consider within this scope of misconduct Mr. Muilenburg’s revelation that he had knowledge – prior to the Ethiopian Air crash – about issues with the Maneuvering Characteristics Augmentation System (MCAS) that have been blamed for the crashes. It is particularly concerning that Boeing withheld Mr. Muilenburg’s awareness of these issues from lawmakers for months.

Additionally, the recent release of additional Boeing internal discussions regarding the design, development, and certification of the Boeing 737 MAX as well as problems with the 737 MAX simulators leads me to believe the actual timeline for the plane’s safe return to service known by Boeing was actually much later than what was consistently cited in the company’s 3rd Quarter 10-Q form signed by the CEO.

I do not make this request lightly, but after seeing so many of the crash victims’ families in the oversight hearing and then reading their words as they responded to the exit package, I could not stay silent – especially after reading one family member say, “The payment that [Mr. Muilenburg] has received is payment that was made with our loved one’s blood.”²

I would urge the Board to consider and act upon this request before Boeing releases its financial results for the fourth quarter of 2019 on January 29. I respectfully request a reply in writing no later than the release of the company’s Q4 10-Q, expected in early February.

Thank you for your consideration of this important matter.

Sincerely,



Angie Craig
Member of Congress

² <https://www.washingtonpost.com/business/2020/01/13/plane-crash-victims-families-sickened-by-fired-boeing-ceos-62-million-payout/>