

Boeing directors elected despite concerns by advisory firms

April 27 2020, by David Koenig



In this April 20, 2020, file photo, planes sit parked behind a sign marking Boeing property at a Boeing production plant in Renton, Wash. Boeing shareholders approved a slate of 12 company-backed nominees for the board on Monday, April 27, despite recommendations from two proxy advisers against five directors, including the chairman, for what the advisers called poor oversight of the company's handling of the 737 Max crisis. (AP Photo/Elaine Thompson, File)

Boeing shareholders approved a slate of 12 company-backed nominees for the board on Monday despite recommendations from two proxy advisers against five directors, including the chairman, for what the advisers called poor oversight of the company's handling of the 737 Max crisis.

Glass Lewis said shareholders should reject Chairman Lawrence Kellner, and Institutional Shareholders Service targeted four other longtime directors and told investors to support CEO David Calhoun "with caution."

All of them served on the board during development of the Max, which has been grounded since March 2019 after two crashes that killed 346 people.

Boeing said preliminary results from the online-only meeting gave each board nominee a majority. The Chicago company didn't immediately release figures.

Shareholders narrowly approved a measure calling for an independent chairman. Kellner is an outsider, but Dennis Muilenburg held both CEO and chairman titles until he was fired in December.

Former U.N. Ambassador and South Carolina Gov. Nikki Haley resigned from the board last month, saying she opposed Boeing's effort "to lean on the federal government for a stimulus or bailout" to cope with the virus pandemic, which has caused air traffic in the U.S. to plunge about 95% and led global airlines to ground 2,800 planes and delay plans to buy new ones.

Boeing is expected to apply for a share of \$17 billion in low-interest loans that Congress and the Trump administration set aside for defense companies.

Last week, the company resumed production in Seattle-area plants that had been shut down after workers tested positive for the virus that causes COVID-19.

Calhoun said it will take years for the aircraft-building business to return to levels seen before the pandemic.

"It is difficult to estimate when the situation will stabilize," he said, "but when it does, the commercial market will be smaller and our customers' needs will be different."

Calhoun said the company's defense business remains healthy.

Boeing is scheduled to report first-quarter earnings on Wednesday. The company is coming off its first money-losing year in two decades because of the Max crisis, and analysts surveyed by FactSet expect a first-quarter loss of more than \$500 million, or \$1.57 per share.

Boeing shares have dropped about 60% this year.

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