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Vice President,
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The Boeing Company
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October 1, 2007

VIA EMAIL

Ms. Nancy M. Morris
Secretary
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

*Re: Shareholder Proposal Relating to the Election of Directors,
File Number S7-17-07*

Dear Ms. Morris:

This letter is submitted on behalf of The Boeing Company (Boeing), a global market leader in design, development, manufacturing, sale, and support of commercial jetliners, military aircraft, satellites, missile defense, human space flight, and launch systems and services. Boeing is an NYSE-listed company that employs over 160,000 workers, generates more than \$61 billion in annual revenues, and expects to expend approximately \$3.7 billion on research and development this year. Boeing is committed to principles of good corporate governance. It has a strong, independent board of directors and has adopted a majority voting standard with respect to director elections. In addition, Boeing strives to maintain transparency, accountability, and responsiveness to shareholder concerns. In recognition of these facts, ISS has rated Boeing's corporate governance in the 95th percentile of S&P 500 companies and in the 99th percentile of capital goods companies.



We appreciate this opportunity to provide our views in response to (i) the Commission’s proposal to clarify the “director election” exclusion to reflect the Commission’s longstanding position, (ii) the Commission’s alternative proposal on “access bylaws” and its proposal relating to electronic shareholder forums, and (iii) the Commission’s solicitation of comments on issues relating to nonbinding shareholder proposals.



We note at the outset that Boeing supports the comments submitted by the Business Roundtable with respect to all of the Commission’s proposals. Because of the Roundtable’s stature in the business community, its diverse membership, and its dedication to improving standards of corporate governance, we believe that it is especially well-positioned to offer valuable insight to the Commission, and we urge the Commission to consider carefully the well-reasoned arguments the Roundtable has submitted. In addition, Boeing offers on its own behalf the following comments in favor of the adoption of File Number S7-17-07, clarifying and reaffirming the Commission’s longstanding position under Rule 14a-8(i)(8).

Boeing strongly supports the confirmation and clarification of Rule 14a-8(i)(8) as detailed in the Commission’s release and endorses the Business Roundtable’s suggestions as to how the Rule should be amended to reflect this clarification. First, this proposal promotes stability by eliminating the uncertainty caused by the Second Circuit’s decision in *AFSCME v. AIG* and by preserving the longstanding principle that company proxy statements should not be open to shareholder use for proposals that could result in a contested election.

Second, adopting this proposal in no way infringes upon the shareholder’s right to nominate and elect directors. The existing statutory and regulatory framework governing the nomination, election, and proxy processes provides a carefully calibrated structure for ensuring that investors have a meaningful opportunity to nominate directors while receiving full and fair disclosure of all information material to their voting rights under state law and the corporate charter. The proposed interpretation and amendment will preserve these essential rights by preventing circumvention of

the proxy rules, thereby ensuring that investors will continue to receive adequate disclosure about all candidates.¹

Third, changing the regulatory framework to permit shareholder access bylaw proposals to be included on the corporate proxy is unnecessary, at least at this juncture. With the advent of electronic proxy solicitations, it has never been easier or less expensive for shareholders to distribute information about their nominees to other shareholders; accordingly, historical arguments about the need to facilitate the shareholder's ability to nominate directors no longer apply. The Commission's proposal on electronic shareholder forums, if adopted, would further facilitate such communications.

Fourth, and of particular importance, a radical change in the director nomination process is premature at this time. Consideration of this issue comes on the heels of a series of recent major changes in corporate governance, especially the institution of majority voting requirements and independent board nomination committees. In the wake of Sarbanes-Oxley and other recent catalysts for change, many corporations, including Boeing, have been acting on their own to improve transparency, accountability, and communication with shareholders. At Boeing, all directors other than the CEO are independent; the independent Governance Committee is responsible for identifying qualified director nominees, and processes already exist for interested parties, including shareholders, to communicate with the lead director and non-management directors. Furthermore, the Governance Committee considers the names and qualifications of any candidates for the Board submitted by shareholders in accordance with the company's bylaws. It is too soon fully to predict how recent changes will affect the corporate governance landscape as a whole. Prudence would counsel the Commission to act now to

¹ To further promote certainty and stability in the proxy process, Boeing urges the Commission to instruct its staff to resume issuing no-action letters based upon its interpretation of this exclusion so that companies may exclude "access bylaws" from their proxy statements.



clarify and reaffirm the existing rule, and wait to permit the recent broader changes to take full effect before deciding whether an additional major change is warranted.

Fifth, the alternative proposal to permit shareholder access bylaw proposals raises significant issues that must be considered. Besides potentially leading to generally deleterious effects on boardroom dynamics, the Commission's alternative proposal risks seriously disrupting the board's decision making process. Boeing is one of a number of U.S. corporations with boards that must routinely deal with highly confidential information – not only information that is competitively sensitive, but classified information relating to national security. The large defense, homeland security, and aerospace components of our business, together with the fact that one of our significant competitors is a foreign government-sponsored corporation, mean that our board has a unique and compelling duty to maintain the strict confidentiality of many management discussions and decisions. Opening the board room to special interest directors could significantly imperil the board's ability to fulfill this duty, as well as its ability simply to do its job.

Finally, Boeing wishes also to urge the Commission to enable registrants to exclude from their proxy statements non-binding shareholder proposals that are not truly meaningful to most stockholders. Each year, Boeing faces 7 non-binding proposals on average, with at least 4 of those proposals relating to issues that previously have not passed. For each non-binding proposal, Boeing expends considerable man hours in time and effort by the board, company management, and in-house attorneys, as well as approximately \$95,000 each year in outside counsel fees, in reviewing, responding to, and managing these proposals. Many of these issues receive limited shareholder support, cover topics the company believes it already has sufficiently addressed, or have no bearing on matters of economic significance to the shareholders and the company. Given recent increased opportunities for corporate/shareholder dialogue, including the Commission's proposals on electronic shareholder forums, Boeing supports the recommendations of the Business Roundtable on this issue, and



requests that the Commission institute restrictions that will reduce the time and resources spent on non-binding shareholder proposals.

Thank you for considering Boeing's views. If you have questions or concerns, or if we can provide you with additional information that would be useful to you, please let me know.



Very truly yours,

A handwritten signature in black ink that reads "James C. Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

James C. Johnson
Vice President,
Corporate Secretary &
Assistant General Counsel

cc: Hon. Christopher Cox, Chairman
Hon. Paul S. Atkins, Commissioner
Hon. Annette L. Nazareth, Commissioner
Hon. Kathleen Casey, Commissioner
Mr. John W. White, Director, Division of Corporation
Finance
Mr. Brian G. Cartwright, General Counsel