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OFFICE OF CHIEF COUNSEL
CORPORATION FINANCE
01 DEC 20 PM 2:43

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December 19, 2001

VIA OVERNIGHT COURIER

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
450 Fifth Street, N.W.
Washington, D.C. 20549

Public Avail. Date: 2/6/02 0219200207
Act Section Rule
1934 14(a) 14a-8

Re: Shareholder Proposal Submitted by David Watt for Inclusion in
The Boeing Company 2002 Proxy Statement

Dear Sir or Madam:

We are counsel to The Boeing Company, a Delaware corporation ("Boeing" or the "Company"). On November 23, 2001 Boeing received a proposed shareholder resolution and supporting statement (together the "Proposal") from David Watt (the "Proponent"), for inclusion in the proxy statement (the "2002 Proxy Statement") to be distributed to the Company's shareholders in connection with its 2002 Annual Meeting.

We hereby notify the Securities and Exchange Commission (the "Commission") and the Proponent of the Company's intention to exclude portions of the Proposal from the 2002 Proxy Statement for the reasons set forth below. We request that the staff of the Division of Corporation Finance (the "Staff") confirm that it will not recommend any enforcement action to the Commission if Boeing excludes such portions of the Proposal from its proxy materials.

Further, in accordance with Commission Rule ("Rule") 14a-8(j) under the Securities Exchange Act of 1934, as amended, on behalf of Boeing the undersigned hereby files six copies of this letter and the Proposal, which (together with its

[03000-0200/SB013460.026]

Securities and Exchange Commission

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supporting statement) are attached to this letter as Exhibit A. One copy of this letter, with copies of all enclosures, is being simultaneously sent to the Proponent.

The Proposal

The Proposal relates to the compensation of the Company's Directors and states, in relevant part:

Boeing shareholders recommend that our company adopt a Directors' compensation bylaw, or formal policy of similar commitment, that our Directors be paid equitably and with Boeing common stock as the major or full amount of their retainer with an incentive award tied to the stock value. This is important because we increasingly place the oversight and leadership of our company in the hands of our Directors following the unpredicted September 2001 international events that seriously impacted our company.

This proposal topic is not intended to interfere with existing agreements. However it does recommend the greatest flexibility to adopt the spirit and the letter of this proposal to the fullest extent possible and as soon as possible. It applies to Directors who do not receive a company salary.

Summary of Basis for Exclusion

We have advised Boeing that pursuant to Rule 14a-8(i)(3) and Rule 14a-9 it properly may exclude portions of the Proposal from its 2002 Proxy Statement and form of proxy because several portions contain statements that are false and misleading. The reasons for our conclusions in this regard are more properly described in below.

Explanation of Basis for Exclusion

Portions of the Proposal may be excluded pursuant to Rule 14a-8(i)(3) and Rule 14a-9 because they contain statements that are materially false or misleading.

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Rule 14a-8(i)(3) permits the omission of a shareholder proposal if the proposal or its supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits registrants from including materially false or misleading statements in their proxy statements. This includes portions of a proposal that contain false or misleading statements, or inappropriately cast the proponent's opinions as statements of fact, or otherwise fail to appropriately document assertions of fact. See *Micron Technology, Inc.* (Sept. 10, 2001); *DT Indust.* (Aug. 10, 2001); *Security Financial Bancorp* (July 6, 2001); *Sysco Corp.* (Apr. 10, 2001); *AT&T Corp.* (Feb. 28, 2001); *UAL Corp.* (Feb. 23, 2001)

First, the following statement is properly excludable as false or misleading because it misquotes the Reuter's Nov. 4, 2001 article, "Critics Ask if Enron's Board was Asleep on the Job": [paragraph 7]: "*Though blame may not fully rest with the board, critics ask why the directors did not take a closer look at the questionable financial transactions by the company.*" In fact, the article says: "Though blame may not fully rest with the board, critics ask why the directors did not take a closer look at the deals." A copy of the article is attached as Exhibit B.

Second, paragraph 13 should be deleted in its entirety from the Proposal unless modified because it is misleading. The authority upon which the statement relies does not provide the requisite factual support.

- [paragraph 13] "*The parallel lesson for our company is that certain directors could have a past or future practice of actually owning a token amount of stock, particularly compared to their total wealth.*"

201 shares John Shalikashvili
 1000 shares Lewis Platt
 1160 shares Rozanne Ridgway
 2000 shares John Bryson"

The Company's 2001 Proxy Statement does not quantify the directors' "total wealth or current income." The statement is thus misleading because it sets forth no factual basis to support the conclusion that the directors own a token amount of the Company's stock as compared to their total wealth or current income. The statement also misrepresents the directors' ownership of the Company's stock. According to the Stock Ownership Table in the same proxy statement, the directors' stock ownership is,

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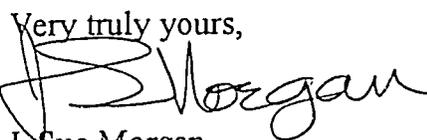
with respect to three of the four directors, considerably greater than represented in the Proposal. In addition to 201 shares, John Shalikashvili owns 500 stock units under the Deferred Compensation Plan for Directors. In addition to 1000 shares, Lewis Platt owns 3,717 stock units and has been paid in options to purchase an additional 1,200 shares. Rozanne Rigway owns, in addition to 1160 shares, an additional 12,828 stock units and has been paid in options to purchase an additional 14,520 shares. Finally, John Bryson owns, in addition to 2000 shares, an additional 5,859 stock units and has been paid in options to purchase an additional 8,280 shares. He also beneficially owns 1,600 shares held in trust for a family member. For these reasons, the statement should be deleted in its entirety. See *Security Financial Bancorp, Inc.* (July 6, 2001).

* * *

For the foregoing reasons, we believe that the entire Proposal or the above referenced portions of the Proposal may be omitted from the 2002 Proxy Statement and respectfully request that the Staff confirm that it will not recommend any enforcement action if such portions of the Proposal are excluded.

Boeing anticipates that the 2002 Proxy Statement will be finalized for printing on or about March 5, 2002. Accordingly, your prompt review of this matter would be greatly appreciated. Should you have any questions regarding any aspect of this matter or require any additional information, please call the undersigned at (206) 583-8447.

Please acknowledge receipt of this letter and its enclosures by stamping the enclosed copy of this letter and returning it to me in the enclosed envelope.

Very truly yours,

J. Sue Morgan

JSM:rh
Enclosure
cc: David Watt
James C. Johnson, The Boeing Company

00080

1 Director's \$65,000 Retainer to be Paid in Stock

Boeing shareholders request that our company adopt a Directors' compensation bylaw that our Directors be paid with Boeing common stock as the major or full amount of their retainer with an incentive award tied to the stock value. We increasingly place the oversight and leadership of our company in the hands of our Directors. This follows the unpredicted September 2001 international events that seriously impacted our company and our airline customers.

This proposal requests the greatest flexibility to adopt the spirit and the letter of this proposal to the fullest extent possible and as soon as possible. This proposal topic is not intended to interfere with existing agreements. It applies to Directors who are not employees.

This proposal topic won 33% of the yes-no vote at the UAL Corp. (United Airlines) 2001 annual meeting.

Directors will take more interest in our company if more of their own money is on the line

The importance of meaningful, sustained stock ownership by each of our directors is highlighted in the Reuters report, "Critics ask if Enron's board was asleep on the job," Nov. 4, 2001, which include the following points:

- 1) As investors come to grips with more than \$17 billion in Enron shareholder assets stripped from Enron's market value in 3 weeks, a lack of oversight is seen by some as having played no small part in Enron's woes.
- 2) Though blame may not fully rest with the board, critics ask why the directors did not take a closer look at Enron's questionable financial transactions.
- 3) The composition of Enron's board offers insight on its oversight. Low Enron stock ownership by some directors is the most striking aspect, said Ric Marshall, chief executive of The Corporate Library.
- 4) Many companies require directors to own a minimum amount of stock to ensure they have a personal interest in the firm's performance just like shareholders. For example, oil refiner Sumoco Inc. (SUN) expects directors to own \$220,000 of stock.
- 5) According to Enron director Paulo Ferraz Pereira did not own any stock. Four other Enron directors held fewer than 3,000 shares each excluding options.
- 6) "All of these people are saying: 'We're on this board, but we're not investing in it,'" said Marshall. "There's no way those directors are going to take the same interest in the well-being of the company as those who have their own money on the line."

Certain Boeing directors own token stock

The parallel lesson for our company is that certain directors could have a past or future practice of actually owning a token amount of stock particularly compared to their total wealth:

201 shares	John Shalikhvili
1000 shares	Lewis Platt
1160 shares	Rozanne Ridgway
2000 shares	John Bryson

In the interest of encouraging significant director stock ownership, vote yes:

**Director's \$65,000 Retainer to be Paid in Stock
YES ON 1**

00081

CFLETTERS

From: rdwatt [rdwatt@msn.com]
Sent: Wednesday, January 16, 2002 3:03 PM
To: cfletters@sec.gov
Subject: Re: Shareholder Proposal for The Boeing Company 2002 Proxy Statement Submitted by David Watt

David Watt
23401 NE Union Hill Rd.
Redmond, WA. 98053
425-868-5603
rdwatt@msn.com

January 16, 2002

Office of Chief Counsel
Mail Stop 0402
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549
cfletters@sec.gov

**Re: Shareholder Proposal Submitted by David Watt for Inclusion in
The Boeing Company 2002 Proxy Statement**

Ladies and Gentlemen:

The following is in response to the Boeing no action request. It is believed that Boeing has not produced the preponderance of evidence to support its claims.

The company does not supply evidence that the biographical information in the 2001 proxy statement is conclusive that at least a narrow majority of directors are lower-middle class or close to lower-middle class.

The company does not claim that the text starting with "Though blame... S" has a materially different meaning than the text the company supplied. The company does not claim that the proposal text is in quotes.

The company does not claim or supply evidence that the directors own any more voting shares than stated in the proposal.

It appears that the company has not supplied the preponderance of evidence that it needs to provide.

01/17/2002

Sincerely,

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David Watt

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February 6, 2002

**Response of the Office of Chief Counsel
Division of Corporation Finance**

Re: The Boeing Company
Incoming letter dated December 19, 2001

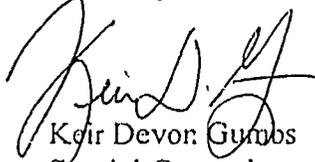
The proposal requests that the board adopt a directors' compensation bylaw that would require that Boeing pay its directors in common stock.

There appears to be some basis for your view that Boeing may exclude portions of the supporting statement under 14a-8(i)(3) as false or misleading in violation of rule 14a-9. In our view, the proponent must:

- Revise the statement that begins "(2) Though blame may not . . ." and ends ". . . financial transactions" to accurately reflect the article from which that statement quotes; and
- Delete the discussion that begins "The parallel lesson . . ." and ends ". . . John Bryson."

Accordingly, unless the proponent provides the company with a revised proposal and supporting statement, within seven days of receiving the letter, we will not recommend enforcement action to the Commission if Boeing omits only these portions of the supporting statement from its proxy materials in reliance on rule 14a-8(i)(3).

Sincerely,



Keir Devon Gumbus
Special Counsel