410

December 22.2003

Jonathon G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street N.W.
Washington, D.C. 20549-0609

Re: Proposed Rule Regarding Security Holder Director Nominations File No. S7-19-03 (Release No. 34-48626).

Dear Mr. Katz:

On behalf of The Boeing Company ("Boeing"), a Delaware corporation listed on the New York Stock Exchange (the **"NYSE') (BA)** with more than **$54** billion in revenue in 2002 and approximately 165,000 employees, I appreciate this opportunity to submit comments on the Securities and Exchange Commission's (the "SEC") above-referenced proposing release to require reporting companies include shareholder nominees for director in company proxy materials under certain circumstances (the "Proposed Rules")

Boeing supported the Sarbanes-Oxley Act of 2002 (the "Act") and the rules adopted by the SEC and NYSE to implement the Act. In fact, Boeing already had in place many of the corporate governance reforms found in the Act and the rules adopted thereunder. It is our belief that both the SEC's and the NYSE's rules adopted under the Act will lead to sound corporate governance and result in more transparent business practices.

With that in mind, we believe that *time,* not additional rulemaking, is the best present course of action. We believe that the NYSE's final corporate governance rules should be given time to take effect because they could achieve the stated objective of the proposed rules: increased responsiveness to the concerns of security holders as they relate to the proxy process. Specifically, the NYSE's requirement that a majority of the members of the board be independent and that each listed company have a governance/nominating committee consisting of independent directors and companies enhancing shareholder-director communications could accomplish this goal without overhauling the proxy process.

By allowing companies to first implement these rules, the SEC could then study their impact and proceed with intelligent rulemaking as opposed to simply imposing additional, unproven, and quite possibly unnecessary, requirements. The proposing release even states that if the SEC were to adopt these proposed rules it would monitor the procedure for three years and report on the effects and recommend improvements or modifications to the rules. But this trial and error approach, especially when it comes to the election of directors, is wholly inappropriate. It seems the more prudent course would be to monitor the progress companies make under the new SEC and **NYSE** rules and then propose modifications to the proxy process if the SEC feels that the reforms did not address security holder concerns. This course of action would benefit the SEC, companies, and ultimately and most importantly shareholders.

A corollary reason given for including security holder nominees in the company proxy is to make corporate boards more responsive and accountable to security holders and more diverse. The fact is however that the board and its governance/nominating committee are normally in the best position to determine the right composition and mix of individuals to serve on the board and have a duty to select individuals who will act in the best interests of shareholders. In contrast, shareholders do not have a similar duty to their fellow shareholders and would most likely pursue their own agenda and self-interests. As a result, the SEC proposal could lead to the nomination and election of "special interest directors" who further the agendas of the shareholders who nominated them, rather than the interests of all shareholders and the company's long-term business objectives. Moreover, the Proposed Rules could lead to the creation of divisive boards that have difficulty functioning well as a team. Such management by referendum could stifle the innovation that is an essential characteristic of American business.

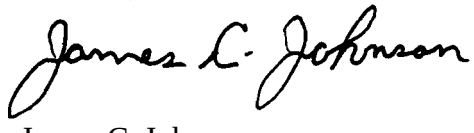
If the inclusion of shareholder nominees in company proxy materials is to be required, we are concerned that the Proposed Rules will not have their intended affect. For example, the trigger based on a shareholder proposal receiving a majority vote to activate access to the proxy would apply to any company, not merely those companies that failed to respond to shareholder concerns. In addition, the possible third trigger discussed in the release, a company's failure to implement a majority-vote shareholder proposal, also would apply to any company and does not take into account the boards fiduciary duty when considering its response to a shareholder proposal.

Finally, the Proposed Rules do not adequately consider the realities of the proxy process, including the considerable influence of proxy voting guidelines of institutional investors and Institutional Shareholder Services ("ISS"). It is likely that ISS, as well as many institutional investors, will revise their proxy voting guidelines to support shareholder access proposals, and many shareholders will vote in favor of such proposals at all companies, if for no other reason than to make access available in case a company is not responsive in the future. If access to company proxy materials is to be required, the SEC must revise the Proposed Rules to account for these realities and to target only those companies where shareholders have not had adequate access to an effective proxy process.

If the SEC determines to move forward with the Proposed Rules, we believe the rules should be significantly modified to address the concerns outlined and that companies should have a reasonable amount of time to anticipate and prepare for actions and events that may qualify as triggering events for security holder access to the proxy. We also want to add that we share the concerns and endorse the opinions expressed in the comment letter submitted by the American Society of Corporate Secretaries and by the Business Roundtable.

Thank you for considering the concerns we have regarding the proposed rule.

Sincerely,



James C. Johnson

Secretary