BOEING CO
Form DEF 14A
March 13, 2009
Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

THE BOEING COMPANY

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials:

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

March 13, 2009

Dear Shareholder:

I am pleased to invite you to attend The Boeing Company s 2009 Annual Meeting of Shareholders, which will be held on Monday, April 27, 2009, beginning at 10:00 a.m., Central time, in Chicago, Illinois. We will meet at The Field Museum, which is located at 1400 South Lake Shore Drive in Chicago.

Activities at the Annual Meeting will be limited to the items of business listed in the Notice of Annual Meeting of Shareholders. The following items of business will be presented:

(1) election of nine directors;

(2) vote on a management proposal to approve an amendment to The Boeing Company 2003 Incentive Stock Plan;

(3) advisory vote on the appointment of the Company s independent auditor; and

(4) vote on seven shareholder proposals, if they are presented.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, I urge you to complete the proxy card and return it promptly.

Very truly yours,

W. James McNerney, Jr.

Chairman of the Board, President and Chief Executive Officer

Table of Contents

THE BOEING COMPANY

Boeing Corporate Offices

100 North Riverside Plaza, Chicago, Illinois 60606

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE/TIME	Monday, April 27, 2009, 10:00 a.m., Central time. Registration will begin at 8:30 a.m. The Annual Meeting will begin at 10:00 a.m. and conclude at 12:00 p.m.
PLACE	The Field Museum, 1400 South Lake Shore Drive, Chicago, Illinois 60605-2496.
AGENDA	1. Elect nine persons to the Board of Directors for one-year terms expiring in 2010. 2. Vote on a management proposal to approve an amendment to The Boeing Company 2003 Incentive Stock Plan. 3. Cast an advisory vote on the appointment of Deloitte & Touche LLP as independent auditor. 4. Vote on shareholder proposal on cumulative voting. 5. Vote on shareholder proposal on an advisory vote on named executive officer compensation. 6. Vote on shareholder proposal on health care principles. 7. Vote on shareholder proposal on disclosure of foreign military sales. 8. Vote on shareholder proposal on independent lead director. 9. Vote on shareholder proposal on future severance arrangements. 10. Vote on shareholder proposal on disclosure of political contributions. 11. Transact any other business properly brought before the meeting.
RECORD DATE	You can vote if you were a shareholder at the close of business on February 27, 2009.
MEETING ADMISSION	*Registered Shareholders*. An admission ticket is attached to your proxy card. If you received proxy materials via the Internet, you may print an admission ticket from the Internet Voting Site. **Please bring the admission ticket with you to the meeting.** *Beneficial Shareholders*. Shareholders whose stock is held by a broker or bank (often referred to as holding in street name) should come to the beneficial shareholders table. *In order to be admitted, beneficial shareholders must bring account statements or letters from their brokers or banks showing that they owned Boeing stock as of February 27, 2009. In order to vote at the meeting, beneficial shareholders must bring legal proxies, which they can obtain only from their brokers or banks.* In all cases, shareholders must bring photo identification to the meeting for admission.
VOTING BY PROXY	*Registered Shareholders and Participants in Savings Plans*. Please vote: 1. By Toll-Free Telephone: Call l-800-652-VOTE (8683) to vote by phone; 2. By Internet: Go to the Internet Voting Site at **www.envisionreports.com/ba** to vote on the Internet; or 3. By Mail: Mark, sign, date and promptly mail the enclosed proxy card in the postage-paid envelope. Any proxy may be revoked at any time prior to its exercise at the meeting. *Beneficial Shareholders*. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you receive from the holder of record to vote your shares.

By Order of the Board of Directors

Michael F. Lohr

Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Shareholders to Be Held on April 27, 2009.

This Proxy Statement and the 2008 Annual Report are available at:

www.edocumentview.com/ba

TABLE OF CONTENTS

Table of Contents

THE BOEING COMPANY

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

Monday, April 27, 2009

This Proxy Statement is issued in connection with the solicitation of a proxy on the enclosed form by the Board of Directors of The Boeing Company for use at the Company s 2009 Annual Meeting of Shareholders. We will begin distributing this Proxy Statement, a form of proxy and the 2008 Annual Report on or about March 13, 2009.

PROXIES AND VOTING AT THE MEETING

Holders of Boeing stock at the close of business on February 27, 2009 are entitled to receive Notice of the Annual Meeting and to vote their shares at the Annual Meeting. As of that date, there were approximately 726,134,691 shares of common stock outstanding and approximately 699,792,744 of those shares were eligible to vote. (The shares held in the ShareValue Trust for the Company s ShareValue Plan are not entitled to vote, and shares issued in exchange for shares of Rockwell International Corporation or McDonnell Douglas Corporation that have not been exchanged are not eligible to vote.) There were 228,618 registered shareholders on the record date and approximately 705,761 beneficial shareholders whose shares were held in street name through a broker or bank.

Shares represented by a properly executed proxy will be voted at the Annual Meeting and, when instructions are given by the shareholder, will be voted in accordance with those instructions. If a proxy is executed and returned but no instructions are given, the shares will be voted according to the recommendations of the Board of Directors. The Board recommends a vote FOR Items 1, 2 and 3 and AGAINST Items 4 through 10.

The Board of Directors is not aware of any business that may properly be brought before the Annual Meeting other than those matters described in this Proxy Statement. However, the enclosed proxy card gives discretionary authority to persons named on the proxy card to vote the shares in their best judgment if any matters other than those shown on the proxy card are properly brought before the Annual Meeting.

How to Vote

Your vote is important and we appreciate your prompt attention to it. Registered shareholders can vote by telephone, the Internet or mail, as described below. If you are a beneficial shareholder (including as a participant in the Company s Voluntary Investment Plan (the VIP) or the Company s BAO Voluntary Savings Plan (the BAO VSP)), please refer to your proxy card or the information forwarded by your broker, bank or other holder of record to see what options are available to you.

Registered shareholders and participants in the VIP and BAO VSP may cast their vote by:

(1) Signing, dating and promptly mailing the proxy card in the enclosed postage-paid envelope;

(2)

Accessing the Internet Voting Site at **www.envisionreports.com/ba** and voting by following the instructions provided on the website; or

(3) Calling l-800-652-VOTE (8683) and voting by following the instructions provided on the phone line.

In order to vote via telephone or on the Internet, please have in front of you either your proxy card or, if you have consented to receive your materials electronically, your e-mail notification advising that materials are available online. A phone number and a website are contained on each of the documents. Upon entering either the phone number or the Internet address, you will be instructed on how to proceed. Proxies submitted by the Internet or telephone must be received by 10:00 a.m. Central time on April 27, 2009.

Proxy cards will be sent to those persons having interests in Boeing stock through participation in the stock funds of the following Company benefit plans (Plans):

(1) *The Boeing Company Voluntary Investment Plan*; and

(2) *BAO Voluntary Savings Plan*.

The Plans listed above are sponsored by Boeing and its subsidiaries for their employees.

Table of Contents

Shares of Boeing stock held in the Plans (Plan Shares) are registered in the name of the trustee. The participants do not have actual ownership of the Plan Shares and may not vote the Plan Shares directly at the Annual Meeting. However, Plan participants are allocated interests in the shares and may instruct the trustee how to vote such interests. The number of shares of Boeing stock shown on your proxy card includes all registered shares and Plan Shares. Plan Shares can be voted only by submitting proxy instructions, whether by telephone, the Internet or mailing in the printed proxy card; Plan Shares cannot be voted at the Annual Meeting and prior voting instructions cannot be revoked at the Annual Meeting. If you are a Plan participant, your proxy instructions must be received by the Plan trustee no later than 10:59 p.m., Central time, on April 22, 2009.

The trustee will cast Plan Share votes according to the participants instructions. If voting instructions are not timely received, the trustee will vote the participants Plan Shares in accordance with the terms of the Plans, which means shares will be voted in the same manner and proportion as the shares with respect to which voting instructions have been timely received, unless contrary to applicable law. If a participant returns a signed proxy card that covers Plan Shares, but does not indicate how he or she would like the proxy to be voted on the proposals listed on the card, the participant will be deemed to have instructed the trustee to vote in accordance with the recommendations of the Board of Directors.

Revocation of Proxies

A registered shareholder may revoke a properly executed proxy at any time before its exercise by:

- Delivering timely written notice of revocation to the Corporate Secretary;
- Timely delivery of another proxy that is dated later than the original proxy;
- Attending the Annual Meeting and giving notice of revocation to an Inspector of Election; or
- Attending the Annual Meeting and voting by ballot.

Beneficial shareholders (including individuals with interests in Plan Shares) cannot revoke their voting instructions in person at the Annual Meeting because the actual shareholders of record, brokers, banks or the Plans trustee, will not be present. Beneficial shareholders wishing to change their votes after returning voting instructions to their brokers, banks or the Plans trustee should contact such record holder directly.

Vote Required

Vote Required for Quorum and Director Elections

The presence at the Annual Meeting, in person or by duly authorized proxy, of the holders of one-third of the outstanding shares of stock entitled to vote constitutes a quorum for the transaction of business. Each share of Boeing stock entitles the holder to one vote on each matter presented for shareholder action. The Board of Directors has adopted a majority vote standard in uncontested director elections. Because the Company did not receive advance notice under its By-Laws of any shareholder nominees for directors, the 2009 election of directors is an uncontested election. To be elected in an uncontested election, a director nominee must receive more For votes than Against votes. Abstentions will have no effect on the election of directors since only votes For or Against a nominee will be counted.

Effect of an Incumbent Director Not Receiving the Required Vote

Boeing is a Delaware corporation and, under Delaware law, if an incumbent director is not elected, that director remains in office until the director s successor is duly elected and qualified or until the director s death, resignation or retirement. To address this potential outcome, the Board has also adopted a director resignation and recusal policy in the Company s Corporate Governance Principles.

Under this policy, the Board of Directors will nominate for directors only those incumbent candidates who tender, in advance, irrevocable resignations, and the Board has obtained such conditional resignations from this year s nominees. The irrevocable resignations will be effective upon the failure to receive the required vote at any annual meeting at which directors are nominated for re-election and Board acceptance of the resignations. The Governance, Organization and Nominating Committee of the Board will recommend to the Board whether to accept or reject a tendered resignation. The Board will publicly disclose its decision within 90 days following certification of the shareholder vote. In addition, the director whose resignation is under consideration will not participate in the

2

Table of Contents

recommendation of the Governance, Organization and Nominating Committee with respect to the resignation. If the Board does not accept the resignation, the director will continue to serve until the next annual meeting and until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal. If the Board accepts the resignation, then the Board, in its sole discretion, may fill any resulting vacancy or may decrease the size of the Board.

Vote Required for Other Proposals

With respect to each of the proposals other than the election of directors (i.e., Items 2-10), shareholders may vote in favor of the proposal or against the proposal, or abstain from voting. The affirmative vote of the majority of shares present in person or by proxy and entitled to vote at the Annual Meeting is required under Delaware law for approval of Items 2-10. In addition to the Delaware law requirements, the rules of the New York Stock Exchange (NYSE) require approval by a majority of votes cast on Item 2, provided that the total votes cast on that proposal must represent over 50% in interest of all securities entitled to vote on the proposal.

A shareholder who signs and submits a ballot or proxy is present, so an abstention will have the same effect as a vote against Items 2-10.

Under the rules of the NYSE, if your broker holds your shares in its name, the broker is permitted to vote your shares on the election of directors and Item 3, even if it does not receive voting instructions from you. Items 2 and 4-10 are non-discretionary, meaning that brokers who hold shares for the accounts of their clients and who have not received instructions from their clients do not have discretion to vote on those items. When a broker votes a client s shares on some but not all of the proposals at the Annual Meeting, the missing votes are referred to as broker non-votes. Those shares will be included in determining the presence of a quorum at the Annual Meeting but are not considered present for purposes of voting on the non-discretionary items. **Because broker non-votes are not counted as votes cast under the NYSE approval requirements, they could have an impact on satisfaction of the NYSE requirement that the total votes cast on Item 2 represent over 50% in interest of all securities entitled to vote on that proposal. Therefore, if your broker holds your shares in its name, you are urged to provide your broker with voting instructions.**

Expenses of Solicitation

All expenses for soliciting proxies will be paid by the Company, which has retained Georgeson Inc. (Georgeson), 199 Water Street, 26th Floor, New York, New York 10038, to aid in the solicitation of proxies, for fees of approximately $12,000, plus additional expenses of approximately $130,000. Proxies may be solicited by personal interview, mail and telephone. Georgeson has contacted brokerage houses, other custodians and nominees to ask whether other persons are the beneficial owners of the shares they hold in street name and, if that is the case, will supply additional copies of the proxy materials for distribution to such beneficial owners. The Company will reimburse such parties for their reasonable expenses in sending proxy materials to the beneficial owners of the shares.

Voting Results

The Company will announce preliminary voting results at the Annual Meeting. Final official results will be set forth in the Company s quarterly report on Form 10-Q for the quarter ended June 30, 2009 (available at **www.sec.gov** and **www.boeing.com**).

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

Table of Contents

ITEM 1. ELECTION OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS

A VOTE FOR ALL NOMINEES.

The Board of Directors of the Company, pursuant to the By-Laws, has determined that the number of directors of the Company is nine.

Pursuant to the By-Laws, each director is elected annually to a one-year term. Each director nominee in this uncontested election will be elected if he or she receives more For votes than Against votes. Each nominee elected as a director will continue in office until his or her successor has been duly elected and qualified or until his or her death, resignation or retirement. If any nominee is unable to serve, proxies will be voted for the election of such person as shall be designated by the Board of Directors unless the Board chooses to reduce the number of directors serving on the Board.

The Board of Directors has proposed the nine nominees listed below for election as directors at the Annual Meeting with one-year terms expiring in 2010. Except as otherwise specified in a proxy, proxies will be voted for these nominees.

The Governance, Organization and Nominating Committee of the Board of Directors identifies and recommends to the Board the nominees to fill any vacancies on the Board and nominees to be proposed by the Board as candidates for election as directors. The Committee frequently works with a third-party search firm to identify potential candidates to sit on the Board. As discussed in further detail below on page 8, the Board has determined that each of the nominees for director meets the criteria for independence prescribed by the NYSE listing standards and has either no relationships with the Company (other than being a director and shareholder of the Company) or only immaterial relationships with the Company, except W. James McNerney Jr., who is not an independent director because he is President and Chief Executive Officer of the Company.

Table of Contents

NOMINEES FOR DIRECTOR

Name	Principal Occupation or Employment/Other Business Affiliations	Age	Director Since
John H. Biggs	***Former Chairman, President and Chief Executive Officer, Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF).*** Mr. Biggs served as Chairman and Chief Executive Officer of TIAA-CREF (national teachers pension fund) from January 1993 until November 2002. Mr. Biggs is not on the board of any public company in addition to The Boeing Company. Mr. Biggs is also a director of the National Bureau of Economic Research, a trustee of Washington University in St. Louis, The Danforth Foundation in St. Louis, The Santa Fe Opera and Pension Rights Center in Washington, D.C. He is also a member of the Board of Emeriti and the Chairman of the Washington University Investment Management Company. Mr. Biggs is Chair of the Audit Committee and a member of the Finance Committee.	72	1997
John E. Bryson	***Retired Chairman of the Board, President and Chief Executive Officer, Edison International; Senior Advisor, Kohlberg Kravis Roberts & Co.*** Mr. Bryson served as Chairman of the Board, President and Chief Executive Officer of Edison International (electric power generator and distributor), the parent company of Southern California Edison, from 1990 until 2008. He is currently Senior Advisor at Kohlberg Kravis Roberts & Co. Mr. Bryson is on the board of The Walt Disney Company, a public company, in addition to The Boeing Company. He is also a trustee of the California Institute of Technology, a director of the W.M. Keck Foundation and The California Endowment and co-chair of Pacific Council on International Policy. Mr. Bryson is Chair of the Compensation Committee and a member of the Governance, Organization and Nominating Committee.	65	1995
Arthur D. Collins, Jr.	***Retired Chairman of the Board, Medtronic, Inc.*** Mr. Collins served as Chairman of the Board of Medtronic, Inc. (medical device and technology company) from April 2002 through August 2008. At Medtronic, Mr. Collins was also Chairman and Chief Executive Officer from May 2002 to August 2007, President and Chief Executive Officer from April 2001 to May 2002, President and Chief Operating Officer from August 1996 to April 2001, Chief Operating Officer from January 1994 to August 1996, and Executive Vice President of Medtronic and President of Medtronic International from June 1992 to January 1994. He was Corporate Vice President of Abbott Laboratories (health care products) from October 1989 to May 1992 and Divisional Vice President of that company from May 1984 to October 1989. Mr. Collins is on the board of the following public company in addition to The Boeing Company: U.S. Bancorp. He is also on the board of Cargill, Inc., a private company, and a member of the Board of Overseers of The Wharton School at the University of Pennsylvania. Mr. Collins is a member of the Audit Committee and the Finance Committee.	61	2007
Linda Z. Cook	***Executive Director Gas & Power, Royal Dutch Shell plc.*** Ms. Cook was appointed Executive Director of Royal Dutch Shell plc (oil, gas and petroleum) in 2005. Prior to that, she was Managing Director, Royal Dutch Petroleum Company, since August 2004. Previously, she served as President and Chief Executive Officer and a member of the Board of Directors of Shell Canada Limited from August 2003 until August	50	2003

2004. Ms. Cook is a member of the Society of Petroleum Engineers and the China Development Forum. In October 2008, she was elected a Trustee of the University of Kansas Endowment Association. Ms. Cook is a member of the Audit Committee and the Finance Committee.

Table of Contents

Name	Principal Occupation or Employment/Other Business Affiliations	Age	Director Since
William M. Daley	***Head of the Office of Corporate Social Responsibility and Chairman of the Midwest Region for JPMorgan Chase & Co.*** Mr. Daley has served as Head of Corporate Social Responsibility for JPMorgan Chase & Co. (banking and financial services) and on its Operating Committee since June 2007. He has also served as Chairman of the Midwest Region for JPMorgan Chase & Co. and on its Executive Committee and International Committee since May 2004. He served as the U.S. Secretary of Commerce from January 1997 to June 2000. Mr. Daley served as President, SBC Communications, Inc. (diversified telecommunications) from December 2001 to May 2004. He was Vice Chairman of Evercore Capital Partners L.P. from January to November 2001. From June to December 2000, Mr. Daley served as Chairman of Vice President Albert Gore s 2000 presidential election campaign. Mr. Daley is on the board of the following public company in addition to The Boeing Company: Abbott Laboratories. Mr. Daley is a member of the Finance Committee and the Special Programs Committee.	60	2006
Kenneth M. Duberstein	***Chairman and Chief Executive Officer, The Duberstein Group.*** Mr. Duberstein has served as Chairman and Chief Executive Officer of The Duberstein Group (consulting firm) since 1989. He was White House Chief of Staff in 1988 and 1989. Mr. Duberstein is on the boards of the following public companies in addition to The Boeing Company: ConocoPhillips, Mack-Cali Realty Corporation and The Travelers Companies, Inc. Mr. Duberstein is the Lead Director, Chair of the Governance, Organization and Nominating Committee and a member of the Compensation Committee.	64	1997
John F. McDonnell	***Retired Chairman, McDonnell Douglas Corporation.*** Mr. McDonnell served as Chairman of McDonnell Douglas Corporation (aerospace) from 1988 until its merger with Boeing in 1997, and as its Chief Executive Officer from 1988 to 1994. Mr. McDonnell is not on the board of any public company in addition to The Boeing Company. He is also a director of BJC Healthcare and of Barnes-Jewish Hospital and Vice Chairman of the Board of Washington University and of the Donald Danforth Plant Sciences Center. Mr. McDonnell is a member of the Compensation Committee and the Governance, Organization and Nominating Committee.	71	1997
W. James McNerney, Jr.	***Chairman, President and Chief Executive Officer, The Boeing Company.*** Mr. McNerney has served as Chairman, President and Chief Executive Officer of The Boeing Company since July 1, 2005. Previously, he served four and a half years as Chairman and Chief Executive Officer of 3M Company (diversified technology). Beginning in 1982, he served in management positions at General Electric Company, his most recent being President and Chief Executive Officer of GE Aircraft Engines from 1997 to 2000. Mr. McNerney is on the board of the following public company in addition to The Boeing Company: The Procter & Gamble Company. He is also a member of various business and educational organizations. Mr. McNerney is Chair of the Special Programs Committee.	59	2001
Mike S. Zafirovski	***Director, President and Chief Executive Officer, Nortel Networks Corporation.*** Mr. Zafirovski has served as Director, President and Chief Executive Officer of Nortel Networks Corporation (telecommunications) since November 2005. Previously, Mr. Zafirovski was Director, President and Chief Operating Officer of Motorola, Inc. (global communications) from July 2002 to January 2005, and remained a consultant to and a director of Motorola until May 2005. He served as Executive Vice President and President of the Personal Communications Sector of Motorola from June 2000 to July 2002. Prior to joining Motorola, Mr. Zafirovski spent 24 years with General Electric Company, where he served in management positions, his most recent being President and CEO of GE Lighting from July 1999 to May 2000. Mr. Zafirovski is not on the board of any public company other than The Boeing Company and Nortel Networks Corporation. Mr. Zafirovski is Chair of the Finance Committee and a member of the Audit Committee.	55	2004

6

Table of Contents

BOARD MEMBERSHIP AND DIRECTOR INDEPENDENCE

The Company s business affairs are managed under the direction of the Board of Directors. Directors meet their responsibilities by participating in meetings of the Board and Board committees on which they sit, through communications with our Chief Executive Officer and other officers, by reviewing materials provided to them, and by visiting our offices and plants.

During 2008, the Board of Directors met eight times, having six regular meetings and two special meetings. The committees of the Board, including the Special Programs Committee, but excluding the single-member Stock Plan Committee discussed below, held a total of 36 meetings. Each incumbent director attended at least 83% of the meetings of the Board and the committees on which he or she served. Each director is expected to attend the Company s annual meeting of shareholders. Last year, all of the directors attended the annual meeting of shareholders. The Company s Corporate Governance Guidelines contain a provision that directors are expected to attend the annual meeting of shareholders.

The Board of Directors has adopted the Director Independence Standards set forth below to assist in determining whether a director does not have material relationships with the Company and thereby qualifies as independent. Shareholders may also access a copy of these standards on the Company s website at **www.boeing.com/corp_gov/**. The Director Independence Standards are based on the NYSE independent director listing standards. The Company s Corporate Governance Principles require that at least 75% of the Board be independent under the NYSE listing standards or be nonemployee directors.

To be considered independent the Board of Directors must make an affirmative determination, by a resolution of the Board as a whole, that the director being reviewed has no material relationship with the Company other than as a director, either directly or indirectly (such as a partner, shareholder or executive officer of another entity that has a relationship with the Company). In each case, the Board broadly considers all relevant facts and circumstances.

A director will not be deemed to be independent if:

(a) the director is, or in the last three years was, employed by the Company or any of its direct or indirect subsidiaries;

(b) an immediate family member of the director is, or in the last three years was, employed by the Company as an executive officer;

(c) the director, or an immediate family member of the director, is a current partner of a firm that is the Company s internal or external auditor or within the last three years has been a partner or employee of such a firm and personally worked on the Company s audit within that time;

(d) the director is a current employee of the Company s internal or external auditor;

(e) an immediate family member of the director is a current employee of the Company s internal or external auditor and personally works on the Company s audit;

(f) the director, or an immediate family member of the director, received more than $120,000 over a twelve-month period in direct compensation from the Company within the last three years, other than director and committee fees and pensions or other forms of deferred compensation, so long as such compensation is not contingent on continued service;

(g) the director is, or within the last three years was, employed as an executive officer of another company where any of the Company s current executives serve or served on that company s compensation committee;

(h) an immediate family member of the director is, or within the last three years was, employed as an executive officer of another company where any of the Company s current executives serve or served on that company s compensation committee;

(i) the director is an executive officer or an employee of a company that makes payments to or receives payments from the Company for property or services in an amount that exceeds in any of the last three fiscal years $1 million or 2% of that company s consolidated gross revenues, whichever is greater; or

Table of Contents

(j) an immediate family member of the director is an executive officer of a company that makes payments to or receives payments from the Company for property or services in an amount that exceeds in any of the last three fiscal years $1 million or 2% of that company s consolidated gross revenues, whichever is greater.

An immediate family member includes a director s spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than domestic employees) who shares such director s home; however, it does not include stepchildren who do not share a stepparent s home or the in-laws of such stepchildren.

The Board of Directors has determined that the following relationships are not considered to be material and would not impair a director s independence:

(a) the director s service as an employee of an organization that has purchased property or services from the Company, or provided property or services for the Company, if (i) payments for such property or services have not exceeded the greater of $1 million or 1% of that organization s, or the Company s, consolidated gross revenues in each of the past three fiscal years and (ii) the director is not compensated directly or indirectly as a result of this relationship other than that the payments add to the revenue of either the organization or the Company, or

(b) the director s service as an executive officer of a tax-exempt or charitable organization if, within the preceding three years, the Company s discretionary contributions to the organization (other than employee and director matching contributions under the Gift Match Program) in any single fiscal year, in the aggregate, have not exceeded the greater of $1 million or 2% of that organization s consolidated gross revenues.

The Board of Directors will review all commercial and charitable relationships of directors on an annual basis. The mere ownership of a significant amount of stock is not in and of itself a bar to an independence determination but rather one factor to consider.

Whether directors meet these categorical independence tests will be reviewed and will be made public annually prior to their standing for re-election to the Board of Directors. For relationships not covered by these guidelines, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who themselves satisfy the independence guidelines.

The Board of Directors has reviewed the relationships between the Company and each of its directors and has determined that John H. Biggs, John E. Bryson, Arthur D. Collins, Jr., Linda Z. Cook, William M. Daley, Kenneth M. Duberstein, John F. McDonnell, and Mike S. Zafirovski are independent under the NYSE independent director listing standards and the Company s Director Independence Standards and have either no relationships with the Company (other than being a director and shareholder of the Company) or only immaterial relationships with the Company. W. James McNerney, Jr. is not an independent director because he is President and Chief Executive Officer of the Company. The Company makes payments to or receives payments from the companies that employ Ms. Cook, Mr. Daley and Mr. Zafirovski, and the company that previously employed Mr. Bryson, in amounts that fall below the categorical independence standards described above.

Table of Contents

COMMITTEE MEMBERSHIP

Pursuant to the By-Laws, the Board of Directors has established the following standing committees: Audit; Compensation; Governance, Organization and Nominating; Finance; and Special Programs. All the members of each of these standing committees other than the Special Programs Committee meet the criteria for independence prescribed by the NYSE. Membership of the standing committees is determined at the organizational meeting of the Board held in conjunction with the Annual Meeting. Adjustments to committee assignments may be made as of that date or such other date as the Board deems appropriate.

Membership of each committee is as follows, with committee chairpersons listed first.

Audit	**Compensation**	**Governance, Organization and Nominating**
John H. Biggs	John E. Bryson	Kenneth M. Duberstein
Arthur D. Collins, Jr.	Kenneth M. Duberstein	John E. Bryson
Linda Z. Cook	John F. McDonnell	John F. McDonnell
Mike S. Zafirovski		

Finance	**Special Programs**
Mike S. Zafirovski	W. James McNerney, Jr.
John H. Biggs	William M. Daley
Arthur D. Collins, Jr.	
Linda Z. Cook	
William M. Daley	

The Board of Directors has adopted a written charter for each committee. Shareholders may access a copy of each committee s charter on the Company s website at **www.boeing.com/corp_gov/**. A summary of the duties and responsibilities of each committee is set forth below. In addition, the Board has established a Stock Plan Committee comprised of the Chairman of the Board. The Board has authorized the Compensation Committee to delegate certain of its responsibilities to the Stock Plan Committee, as described below under the Compensation Committee section on page 11.

Audit Committee **11 meetings in 2008**

The primary purposes of the Audit Committee are to assist the Board of Directors in oversight of (1) the integrity of the Company s financial statements, (2) the Company s compliance with legal and regulatory requirements, (3) the independent auditor s qualifications and independence, and (4) the performance of the Company s internal audit function and the independent auditor. The Committee has the authority to make inquiries and obtain information from the Senior Vice President, Office of Internal Governance; the Senior Vice President, General Counsel; and the Vice President, Corporate Audit to support the Board s oversight of the Company s ethics and compliance program and to obtain advice and assistance from outside legal, accounting or other advisors as deemed necessary to perform its duties and responsibilities.

The charter of the Audit Committee requires that the Committee be comprised of at least three directors, all of whom are not employed by the Company and meet the applicable independence and financial literacy requirements of the NYSE. At least one member must be an audit committee financial expert and have accounting or related financial management expertise as required by the Securities and Exchange Commission (SEC). The Board of Directors has determined that all of the Committee members Mr. Biggs (Chair), Mr. Collins, Ms. Cook and Mr. Zafirovski are audit committee financial experts and have accounting or related financial management expertise and, furthermore, are independent and financially literate. The Committee meets regularly in executive session. The Company s Senior Vice President, Office of Internal Governance and Vice President, Corporate Audit attend all meetings of the Committee. The Committee may invite to its meetings any other member of management, including the Chief Executive Officer, and such other persons as it deems appropriate in order to carry out its duties and responsibilities. In addition, all members of the Committee must be available to meet with the Company s Senior Vice President, Office of Internal Governance, Senior Vice President, General Counsel, and Vice President, Corporate Audit outside regularly scheduled meetings, as needed.

Table of Contents

The Audit Committee:

Appoints, retains, compensates, evaluates and terminates, if necessary, the independent auditor and presents its conclusions with respect to the independent auditor to the Board;

Reviews and pre-approves both audit and non-audit services provided by the independent auditor;

Reviews and advises on the selection and removal of the Vice President, Corporate Audit;

Reviews and recommends changes to and approves the internal audit charter;

Reviews, on an annual basis, a formal written report prepared by the independent auditor describing internal quality control procedures and any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with such issues, and delineating all relationships relevant to audit independence between the independent auditor and the Company;

Discusses with management or the independent auditor, as appropriate, the matters required to be discussed under applicable legal, regulatory and NYSE requirements relating to the conduct of the audit or quarterly review;

Reviews with the independent auditor, internal auditors and members of senior management the adequacy and effectiveness of the Company s financial controls and financial reporting processes;

Meets periodically or at least annually with management, the Vice President, Corporate Audit and the independent auditor in separate executive sessions;

Meets to review and discusses with management and the independent auditor, prior to filing, the Company s quarterly and annual reports filed with the SEC and certifications required by the Sarbanes-Oxley Act of 2002 and relevant reports rendered by the independent auditor;

Reviews and discusses earnings press releases with management and financial information and earnings guidance provided to analysts and ratings agencies;

Prepares a report and other additional information required for inclusion in the annual proxy statement;

Reviews the charter of the Audit Committee on an annual basis and recommends to the Board of Directors changes to the charter as appropriate;

Receives reports, at least annually, on the Company s compliance with its risk management processes, audit activities and trends, and, at least semi-annually, reports on pending internal investigations of alleged or potentially significant violations of laws, regulations or Company policies;

Reviews management s assessment of compliance with laws, regulations and Company policies relative to payments to individuals or organizations retained as foreign sales consultants;

Meets with the Senior Vice President, Office of Internal Governance to review the Company s ethics and business conduct programs and the Company s compliance with the principles of the Defense Industry Initiative on Business Ethics and Conduct;

Reviews significant pending and threatened litigation, the status of advancement of expenses to employees involved in Company-related legal proceedings, and related indemnification;

Sets clear hiring policies compliant with laws and regulations for employees and former employees of the independent auditor;

Establishes and maintains procedures for receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;

Table of Contents

Establishes and maintains procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

Conducts an annual self-assessment relative to the purpose, duties and responsibilities of the Committee outlined in its charter;

Reports annually to the Board regarding execution of the Committee s duties and responsibilities as well as any issues that arise with respect to the quality or integrity of the Company s financial statements, the Company s compliance with legal or regulatory requirements, the performance and independence of the Company s independent auditor, or the performance of the internal audit function;

Presents to the Board such comments and recommendations as the Committee deems appropriate and performs such other duties as may be assigned by the Board or deemed appropriate by the Committee within the context of the Committee s charter; and

Reports at least annually to the Board regarding the implementation and effectiveness of the Company s ethics and compliance programs to support the Board s oversight responsibility.

Compensation Committee **9 meetings in 2008**

The charter of the Compensation Committee requires that the Committee be comprised of at least three directors, all of whom meet the independence requirements of the NYSE. In addition, the Company s Corporate Governance Principles require that members of the Committee not be employed by the Company. The Committee is currently comprised of three directors, all of whom are nonemployees and independent directors.

The Compensation Committee of the Board of Directors acts on behalf of the Board to establish and oversee the Company s executive and equity compensation programs in a manner that serves the interests of the Company and its shareholders. Specifically, the Compensation Committee:

As a Committee or together with other independent directors as directed by the Board, annually reviews and approves the individual elements of total compensation for the CEO and other corporate officers. The elements subject to this annual review are salary, incentive awards, equity-based awards and any other long-term incentive awards.

Annually and as appropriate, either as a Committee or together with other independent directors as directed by the Board, reviews employment and severance agreements, change in control provisions affecting compensation, and special or supplemental arrangements such as supplemental retirement benefits and perquisites for the CEO and other corporate officers.

Periodically reviews all incentive compensation plans and other equity-based plans. The Committee makes changes to each such plan, as permitted by the terms of the plans, and reports these changes to the Board. Where it does not have amendment authority, the Committee recommends plan amendments or new plans to the Board.

Administers the Company s incentive compensation and other equity-based plans.

Reviews and approves corporate goals and objectives relevant to the CEO s compensation and approves, either as a Committee or together with other independent directors as directed by the Board, the compensation based on achievement of the goals.

Reviews and discusses with management the Compensation Discussion and Analysis (which is prepared by management), recommends to the Board its incorporation in the proxy statement and prepares a Compensation Committee Report.

Reviews and approves any stock ownership guidelines applicable to the CEO and any other members of management of the Company and monitors compliance therewith.

Conducts an annual performance evaluation of the Committee.

Table of Contents

The Compensation Committee has a charter that details the scope of authority, composition and procedures of the Committee. The Committee s charter allows it to delegate its authority to subcommittees of the Committee comprised of members of the Committee. The Committee may also delegate to the Company s CEO or any other executive officer the authority to grant equity awards to employees of the Company who are not directors or officers of the Company.

The Compensation Committee has delegated to the Stock Plan Committee, a committee of the Board that is comprised of the Chairman of the Board, the authority to grant awards to employees (excluding executive officers) within specified guidelines regarding the number of shares and types and circumstances of awards, such as upon hire and in connection with certain Company training programs.

Role of Executive Officers and the Compensation Consultant

The following summarizes the role of executive officers and the compensation consultant in determining and recommending the executive compensation program.

Executive Officers

The CEO, with assistance from the Senior Vice President, Human Resources and Administration, and the Vice President, Strategy, Compensation and Benefits, provides compensation recommendations to the Compensation Committee for the Named Executive Officers (excluding the CEO) and other executives based on a review of the current business environment, critical skills desired by the Company, internal pay comparisons and external market data (provided by the Committee s outside compensation consultant at the Committee s direction). The Committee reviews these recommendations, along with external market data and pay tally sheets, and then develops pay recommendations for the Named Executive Officers and, without seeking input from management, for the CEO.

The Compensation Committee may invite to its meetings any member of management and such other persons as it deems appropriate in order to carry out its duties and responsibilities. Participants may include the:

CEO, who typically attends all meetings (excluding executive sessions, which are attended only by independent members of the Board and their advisors);

CFO, who provides the Company s financial information used by the Committee to make decisions with respect to incentive compensation goals and related payouts;

Senior Vice President, Human Resources and Administration, who participates in many of the discussions and provides background on the Company s pay programs;

Vice President, Strategy, Compensation and Benefits, who participates in many of the discussions and provides background on the Company s pay programs, as needed; and

Corporate Secretary, who is responsible for recording the minutes at the meetings and attends all meetings (excluding executive sessions).

Compensation Consultant

The Compensation Committee has engaged Towers Perrin to serve as its outside compensation consultant by assisting the Committee, as requested, to fulfill various aspects of its charter. Specifically, at the request and direction of the Committee, Towers Perrin assists with the following:

Benchmarks pay practices among the established peer group and provides a broader market perspective;

Assesses the design of individual pay elements and the total pay program relative to the Company s objectives, market practices and other factors;

Assists the Committee in reviewing recommendations prepared by management; and

Provides the Committee with an outside perspective and, as appropriate, specific recommendations on program design.

Table of Contents

The outside consultant does not determine compensation. Instead, the consultant presents market practices and, as appropriate, recommendations for consideration by the Compensation Committee. As established by its charter, the Committee makes all pay decisions for officers. The Committee has directed the Towers Perrin consultants who work directly with the Committee to interact with management, only as needed, on behalf of the Committee. Towers Perrin also assists the Governance, Organization and Nominating Committee with respect to nonemployee director compensation. Pursuant to the Company s written policy governing the other services that the consultant can perform for the Company, the Committee may authorize Towers Perrin to do new work for the Company provided:

There are no other capabilities reasonably available; and

The work would not compromise the consultant s independence with respect to compensation recommendations to the Committee.

The Compensation Committee Chair must approve in advance any proposed new work to be done by Towers Perrin for the Company. The Committee is provided with an all inclusive summary of the services provided by Towers Perrin to the Company semi-annually.

During 2008, Towers Perrin provided services to the Company unrelated to executive or nonemployee director compensation, consisting of actuarial consulting and retirement design and strategy work. The Committee does not believe that Towers Perrin s role in providing these services to the Company compromises Towers Perrin s ability to provide the Committee with an objective and independent perspective.

Process and Meetings

The Committee has an annual meeting calendar to guide its review, analysis and administration of the executive compensation program. The Committee follows key process steps that include:

Directing the outside compensation consultant regarding its role, scope and process in assisting the Committee for a particular meeting;

Discussing and confirming the meeting agenda prior to each meeting;

Receiving meeting materials generally one week prior to the meeting; and

Discussing and analyzing any recommended changes, as proposed by management or, if directed by the Committee, with the compensation consultant.

The Compensation Committee meets regularly in executive session without any members of management. Executive sessions may or may not include participation by the outside compensation consultant, as deemed necessary or appropriate by the Compensation Committee.

Governance, Organization and Nominating Committee **6 meetings in 2008**

The charter of the Governance, Organization and Nominating Committee requires that the Committee be comprised of at least three members, all of whom meet the independence requirements of the NYSE. The Committee may invite to its meetings any member of management, including the CEO, and such other persons as it deems appropriate in order to carry out its duties and responsibilities. The Committee meets in executive session as it deems necessary or appropriate. The Committee is currently comprised of three directors, all of whom are nonemployees and independent directors. The Governance, Organization and Nominating Committee:

Reviews, advises and makes recommendations to the Board of Directors with respect to the general responsibilities and functions of the Board and its members;

Makes recommendations to the Board concerning the organization, structure, size and composition of the Board;

Makes recommendations concerning the compensation and benefits of directors;

Considers the names and qualifications of any candidates for the Board (i) suggested by shareholders in accordance with the procedures set forth in the proxy statement and (ii) submitted by shareholders as nominees for election in accordance with the procedures set forth in the Company s By-Laws;

Develops and recommends to the Board an annual performance evaluation process for the Board;

Formulates corporate governance principles for approval by the Board and reviews the principles on a regular basis;

Makes recommendations to the Board concerning candidates for election as CEO and other corporate officers;

Conducts an annual performance evaluation of the Committee;

Monitors and reviews at least annually the performance of the CEO and the Company s plans for senior management succession;

Reviews and monitors the orientation and continuing education of Board members in light of the policy set forth in the Company s Corporate Governance Principles; and

Considers possible conflicts of interest of Board members and corporate officers, including review and approval of transactions of the Company in excess of $120,000 in which a director, executive officer or immediate family member of a director or executive officer has an interest.

In addition to the above, the Governance, Organization and Nominating Committee is responsible for making recommendations to the Board of Directors concerning nominees for election as directors and nominees for Board vacancies. To fulfill this role, the Committee reviews the organization, structure, size and composition of the Board to determine the qualifications and areas of expertise needed to further enhance the composition of the Board. When assessing a director candidate s qualifications, the Committee will consider issues of expertise (including international experience and industry background), independence, integrity, diversity and age, as well as skills relating to operations, manufacturing, finance, marketing, technology and public policy. This is further described in the Company s Corporate Governance Principles and the Committee s charter. The Committee has not established specific minimum eligibility requirements for candidates other than integrity, the commitment to act in the best interests of all shareholders, requirements relating to age and ensuring that a substantial majority of the Board remains independent.

The Governance, Organization and Nominating Committee uses the services of search firms to help identify candidates for director who meet the qualifications outlined above. The search firm screens the candidates, conducts reference checks, prepares a biography of each candidate for the Committee to review and helps set up interviews.

Suggestion of Candidates to the Board for Consideration by the Committee

Shareholders wishing to suggest qualified candidates for consideration by the Governance, Organization and Nominating Committee may do so by writing at any time to the Office of Corporate Secretary, The Boeing Company, 100 North Riverside Plaza, 311A1, MC 5003-1001, Chicago, Illinois 60606-1596. The correspondence must state the name, age and qualifications of the person proposed for consideration by such Committee. The Committee evaluates the qualifications of such suggested candidates on the same basis as those of other director candidates.

Shareholder Nominations to the Board of Directors

The Governance, Organization and Nominating Committee will also consider qualified candidates as nominees for election as director that are properly submitted by the Company s shareholders. The Committee evaluates the qualifications of candidates properly submitted by shareholders on the same basis as those of other director candidates. Shareholders can submit qualified candidates as nominees for election as director by writing to the Office of the Corporate Secretary, Boeing Corporate Offices, 100 North Riverside Plaza, 311A1, MC 5003-1001, Chicago, Illinois 60606-1596. Submissions should follow the procedures, including timing, set forth in the Company s By-Laws and as described under Submission of Shareholder Proposals for 2010 on page 90.

Table of Contents

Role of the Compensation Consultant

The Governance, Organization and Nominating Committee has engaged Towers Perrin to serve as its outside compensation consultant with respect to the compensation and benefits of directors. At the request and direction of the Committee, Towers Perrin assists with the following:

Benchmarks director pay practices among the established peer group and provides a broader market perspective;

Assesses the design of individual director pay elements and the total director pay program relative to the Company s objectives, market practices and other factors; and

Provides the Committee with an outside perspective and, as appropriate, specific recommendations on director compensation program design.

Towers Perrin does not set director pay; rather, it provides guidance, based on market practices and its experience and understanding of the Company s needs and objectives. The CEO, and Senior Vice President, Human Resources and Administration, and Vice President, Strategy, Compensation and Benefits may attend Governance, Organization and Nominating Committee meetings at which director compensation is discussed.

Finance Committee **6 meetings in 2008**

The charter of the Finance Committee requires that the Committee be comprised of at least three members who are not members of management. The Finance Committee:

Reviews and makes recommendations concerning proposed dividend actions, stock splits and repurchases, and issuance of debt or equity securities;

Reviews strategic plans and transactions, including mergers, acquisitions, divestitures, joint ventures and other equity investments;

Reviews customer financing activities, business and related customer finance business and funding plans of the Company and its subsidiaries;

Reviews the Company s significant financial exposures and contingent liabilities;

Reviews the overall Company risk management program and major insurance programs;

Reviews the Company s credit agreements and short-term investment policies; and

Reviews the investment policies, administration and performance of the trust investments of the Company s employee benefit plans.

Special Programs Committee **4 meetings in 2008**

The charter of the Special Programs Committee requires that the Committee be comprised of three or more directors. The Committee reviews on a periodic basis those Company programs that the U.S. government has designated as classified for purposes of national security. Due to the amount of time necessary to obtain required government clearances, the Committee may operate with fewer than three members.

Table of Contents

CORPORATE GOVERNANCE PRINCIPLES

In order to help shareholders understand the roles and responsibilities of the Board of Directors and the Company s governance practices, the following is a description of the Company s Corporate Governance Principles and current practices. The Governance, Organization and Nominating Committee reviews these practices regularly.

Responsibilities of the Board

Role of the Board

The Company s business is conducted by its employees, managers and corporate officers led by the Chief Executive Officer (CEO), with oversight from the Board. The Board selects the CEO and works with the CEO to elect/appoint other corporate officers who are charged with managing the business of the Company. The Board has the responsibility of overseeing, counseling and directing the corporate officers to ensure that the long-term interests of the Company and its shareholders are being served. The Board and the corporate officers recognize that the long-term interests of the Company and its shareholders are advanced when they take into account the concerns of employees, customers, suppliers and communities.

Board Responsibilities

The basic responsibility of the directors is to exercise their reasonable business judgment on behalf of the Company. In discharging this obligation, directors rely on, among other things, the Company s corporate officers, outside advisors and auditors.

The Board s general oversight responsibilities include, but are not limited to, the following: (1) evaluate the CEO s performance and review the Company s succession plan for the CEO and other elected officers; (2) review the long-range business plans of the Company and monitor performance relative to achievement of those plans; (3) consider long-range strategic issues and risks to the Company; and (4) approve policies of corporate conduct that continue to promote and maintain the integrity of the Company. In addition, the Board shall be knowledgeable about the content and operation of Boeing s ethics and compliance program, and shall exercise reasonable oversight with respect to its implementation and effectiveness.

CEO Performance Evaluation

At the end of each year, the CEO presents his performance objectives for the upcoming year to the nonemployee directors for their approval. The nonemployee directors then meet privately to discuss the CEO s performance for the current year against his current performance objectives; they review that evaluation with the CEO. The Compensation Committee uses this performance evaluation in the course of its deliberations when considering the CEO s compensation in accordance with the policies and procedures in that Committee s charter.

CEO and Management Succession

The Board views CEO selection and management succession as one of its most important responsibilities. The CEO reports annually to the Governance, Organization and Nominating Committee on planning for CEO succession. The Board also reviews and monitors the plan of succession for elected officers. When succession of the CEO occurs, this Committee manages the process of identifying and selecting the new CEO with the full participation of each of the nonemployee directors.

It has been the policy of the Company that the Board should determine whether the positions of CEO and Chairman should be held by the same person. The Board believes that it is in the best interests of the Company to make such a determination when it elects a new CEO. Because the CEO currently holds the position of Chairman, the Board has appointed a lead director.

Ethics and Conflicts of Interest

The Board expects the directors, officers and employees to act ethically at all times and acknowledge their adherence to the policies comprising the Company s codes of ethical conduct. Shareholders may access a copy of each code of ethical conduct on the Company s website at **www.boeing.com/corp_gov/**. The Board will promptly disclose any waivers from the Company s Code of Ethical Business Conduct, which applies to the Board. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chairman of the Board or the Chairperson of the Governance, Organization and Nominating Committee. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. If the Board exercises its right to grant a waiver from the Company s Code of Ethical Conduct for any officer or other employee, such waiver shall also be promptly disclosed. The Company shall not, directly or indirectly, extend or maintain credit, arrange for or renew an extension of credit in the form of a personal loan to or for any director or executive officer.

Board s Interaction With Stakeholders

The CEO and other corporate officers are responsible for establishing effective communications with the Company s stakeholders, including shareholders, customers, communities, employees, suppliers, creditors, governments and corporate partners. It is the policy of the Board that management speaks for the Company. This policy, however, does not preclude independent directors from meeting with stakeholders, but it is the norm that, where appropriate, directors notify and consult with management before any such meetings.

The Board of Directors has established a process whereby shareholders and other interested parties can send communications to the Lead Director or to the nonmanagement directors as a group. This process is described in detail on the Company s website at **www.boeing.com/corp_gov/email_the_board.html**.

Board Composition

Board Size and Composition

At least 75% of the Board shall meet the NYSE criteria for independence or be nonemployee directors. Shareholders may access a copy of the Company s Director Independence Standards on the Company s website at **www.boeing.com/corp_gov/**. The Governance, Organization and Nominating Committee reviews annually the appropriate skills and characteristics required of Board members in light of the current make-up of the Board. This assessment includes issues of expertise (including international experience and industry background), independence, integrity, diversity and age, as well as skills relating to operations, manufacturing, finance, marketing, technology and public policy. The Committee has not established specific minimum eligibility requirements for Board members other than integrity, the commitment to act in the best interests of all shareholders, requirements relating to age and ensuring that a substantial majority of the Board remains independent.

Selection of Directors

The shareholders of the Company vote on the nominees, as proposed by the Board, for election as directors at the annual meeting of shareholders. Shareholders may propose director nominees in accordance with the procedures set forth in the Company s By-Laws and the charter of the Governance, Organization and Nominating Committee. The screening process for nominees is handled by the Governance, Organization and Nominating Committee in accordance with the policies and principles in its charter with direct input from the other directors. Between the annual meetings of shareholders, the Board has authority under the By-Laws to fill vacant positions.

Effect of a Failure to Receive a Majority of the Votes in Director Elections

In accordance with the Company s By-Laws, if none of the Company s shareholders provides the Company notice of an intention to nominate one or more candidates to compete with the Board s nominees in a director election, or if the Company s shareholders have withdrawn all such nominations on or prior to the tenth day preceding the date the Company mails its notice of meeting to shareholders, a nominee must receive more votes cast for than against his or her election or re-election in order to be elected or re-elected to the Board. The Board shall nominate for re-election as directors only incumbent candidates who tender, prior to the mailing of the proxy statement for the annual meeting at which they are to be re-elected as directors, irrevocable resignations that will be effective upon (i) the failure to receive the required vote at any annual meeting at which they are nominated for re-election and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who tender, at or prior to the time of their appointment to the Board, the same form of resignation tendered by other directors in accordance with this Guideline.

Table of Contents

The Governance, Organization and Nominating Committee (or such other committee as the Board may appoint) shall make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board shall act on the tendered resignation, taking into account the recommendation of such committee, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation within ninety days from the date of the certification of the election results. The committee in making its recommendation, and the Board in making its decision, may each consider any factors or other information that it considers appropriate and relevant, including whether the acceptance of any resignation would cause the Company to fail to comply with any requirement of the New York Stock Exchange or any rule or regulation promulgated under the Securities Exchange Act of 1934. The director whose resignation is under consideration shall not participate in the recommendation of the committee with respect to his or her resignation. If such incumbent director s resignation is not accepted by the Board, the director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director s resignation is accepted by the Board, then the Board, in its sole discretion, may fill any resulting vacancy or may decrease the size of the Board.

Lead Director

The Board has selected an independent director to serve as Lead Director. The Lead Director is elected annually by a majority of the independent directors upon a recommendation from the Governance, Organization and Nominating Committee.

The Board has determined that the Lead Director should have the following specific duties and responsibilities:

- In consultation with the nonemployee directors:
  - advise the Chairman as to an appropriate schedule of board meetings;
  - review and provide the Chairman with input regarding the agendas for the Board meetings;
- preside at all meetings at which the Chairman is not present including executive sessions of the nonemployee directors and apprise the Chairman of the issues considered;
- be available for consultation and direct communication with the Company s shareholders;
- call meetings of the nonemployee directors when necessary and appropriate; and
- perform such other duties as the Board may from time to time delegate.

Outside Board Memberships

The CEO and other elected officers must seek the approval of the Governance, Organization and Nominating Committee before accepting outside board memberships with for-profit entities. While the Company acknowledges the value in having directors and officers with significant experience in other businesses and activities, each director is expected to ensure that other commitments, including outside board memberships, do not interfere with their duties and responsibilities as a member of the Company s Board. In this regard, the Company notes that Mr. Zafirovski, one of the Company s directors, serves as Director, President and Chief Executive Officer of Nortel Networks Corporation. In January 2009, Nortel Networks Corporation and subsidiary companies filed voluntary petitions seeking relief from creditors under bankruptcy laws in the United States, Canada and Europe. The Board has evaluated the background to these events and their impact on Mr. Zafirovski and believes they do not impair either Mr. Zafirovski s ability or integrity to serve as a director of The Boeing Company.

Directors should notify the Governance, Organization and Nominating Committee before accepting an invitation to serve on another board to enable the Company to consider whether (1) any regulatory issues or potential conflicts are raised by the director accepting such an invitation and (2) the director will have the time required for preparation, participation and attendance at Board meetings. Directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public companies in addition to the Company s Board and other directors should not serve on more than four other boards of public companies in addition to the Board.

Director Retirement

Each nonemployee director must retire at the annual meeting following his or her 74^{th} birthday. Directors who change the occupation they held when initially elected are expected to offer to resign from the Board. At that time, the Governance, Organization and Nominating Committee reviews the continued appropriateness of Board membership under the new circumstances. Unless waived by the Board, the Board has adopted a policy calling for employee directors, including the CEO, to retire from the Board at the time of a change in his or her status as an officer of the Company.

Director Compensation and Stock Ownership

It is the general policy of the Board that nonemployee directors compensation should be a mix of cash and equity-based compensation with a significant portion of such compensation in the form of the Company s stock or stock-equivalent units. Nonemployee directors receive a substantial portion of their compensation in deferred stock units, which must be held until retirement or other termination of Board service. Each nonemployee director should hold by the end of his or her third year as a director stock or stock-equivalent units (including deferred stock units) with a value equal to three times the annual cash retainer fee and by the end of his or her sixth year as a director stock or stock-equivalent units (including deferred stock units) with a value equal to five times the annual cash retainer fee. The components of director compensation are disclosed beginning on page 23.

The form and amount of director compensation will be determined by the Governance, Organization and Nominating Committee. The Committee regularly reviews and compares the Company s Board compensation to director compensation at peer companies that are also benchmarks for the Company s executive compensation program. Independent directors may not receive, directly or indirectly, any consulting, advisory or other compensatory fees from the Company. Directors who are employees of the Company do not receive any compensation for their service as directors.

Board and Committee Meetings

Board Agenda and Meetings

The CEO and the committee chairpersons establish the agendas for Board and committee meetings. The Lead Director shall review the Board and committee agendas, as appropriate. Each director is free to suggest items for the agenda, and each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. Information and data that are important to the Board s understanding of the matters to be covered at a Board meeting will be distributed to the directors before the meeting. Directors should review in advance any materials sent to them in order to take part in a meaningful deliberation at the meeting. Directors are expected to attend all Board meetings, as well as the annual meeting of shareholders.

Executive Sessions

The nonemployee directors have the opportunity to meet in executive session to consider such matters as they deem appropriate, without management being present, as a regularly scheduled agenda item for every Board meeting. Among the items that the nonemployee directors meet privately in executive sessions to review are the performance of the CEO and recommendations of the Compensation Committee concerning compensation for employee directors and other elected officers. The Lead Director acts as the chair of the executive sessions of the nonemployee directors.

Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company.

Committees of the Board

The Board has the following five committees: Audit, Compensation, Finance, Special Programs, and Governance, Organization and Nominating. All members of the Audit, Compensation, and Governance, Organization and Nominating Committees of the Board shall be nonemployees and meet the criteria for independence of the NYSE. Chairpersons and members of these five committees are rotated regularly, as appropriate. Members of the Audit Committee regularly meet privately with representatives of Deloitte & Touche LLP, the Company s independent auditors, and with the Company vice president responsible for carrying out the internal audit function. The Audit Committee shall report to the Board, no less than annually, with respect to the implementation and effectiveness of Boeing s ethics and compliance program to support the Board s oversight responsibility.

Table of Contents

Each committee has a written charter, approved by the Board, which describes the committee s general authority and responsibilities. Shareholders may access a copy of each committee charter on the Company s website at **www.boeing.com/corp_gov/**. The committee chair reports on the items discussed and actions taken at their meetings to the Board following each committee meeting. Committee materials are provided to the committee members in advance of the meeting so as to allow members time to prepare for a discussion of the items at the meeting. Each committee undertakes an annual review of its charter and works with the Board to make appropriate revisions. The Board may, from time to time, establish and maintain additional committees. Members of the Board s committees are expected to attend all meetings.

Independent Advice

The Board and its committees may seek legal, financial or other expert advice from a source independent of management.

Confidential Voting

It is the Company s policy that all proxy, ballot and voting materials that identify the vote of a specific shareholder on any matter submitted for a vote of shareholders will be kept secret from directors and officers of the Company, except (1) when disclosure is required by applicable law or regulation, (2) when a shareholder expressly requests such disclosure, or (3) in a contested proxy solicitation if the shareholder is an employee of the Company or a participant in the Company s stock fund or one of its retirement, savings or employee stock ownership plans, the information will not be disclosed to management unless clause (1) or (2) above applies.

Board and Committee Performance Evaluation

With the goal of increasing the effectiveness of the Board and its relationship to management, the Governance, Organization and Nominating Committee evaluates the Board s performance as a whole. The evaluation process, which occurs annually, includes a survey of the individual views of all directors, which are then shared with the full Board. In addition, each of the committees performs a similar annual self-evaluation.

Director Orientation and Continuing Education

All new directors must participate in the Company s Orientation Program, which should be conducted within six months of election. This orientation will include presentations by senior management to familiarize new directors with the Company s strategic plans, significant financial, accounting and risk management issues, compliance programs, the Code of Ethical Business Conduct, its principal officers, and internal and independent auditors. In addition, the Orientation Program will include visits to Company headquarters and, to the extent practical, the Company s significant facilities. A third-party continuing education program will be scheduled in conjunction with Board or committee meetings, as appropriate. In addition, Board members shall receive training on at least an annual basis in conjunction with regularly scheduled Board meetings, on topics relating to corporate governance policies and roles and responsibilities of Board members. Board members shall have at least one annual on-site visit to a Boeing operating unit, familiarizing Board members on operations of that unit and facilitating direct interaction between Board members and operating personnel as appropriate. All directors are also encouraged to attend, at the Company s expense, director continuing education programs offered by various organizations. The Corporate Secretary will inform the directors of such educational opportunities.

Shareholder Rights Plan

Boeing does not have a shareholder rights plan and has no present intention to adopt one. Subject to its continuing fiduciary duties, which may dictate otherwise depending on the circumstances, the Board shall submit the adoption of any future rights plan to a vote of the shareholders. Any shareholder rights plan adopted without shareholder approval shall be approved by a majority of the independent members of the Board. If the Board adopts a rights plan without prior shareholder approval, the Board shall, within one year, either submit the plan to a vote of the shareholders or redeem the plan or cause it to expire. If the rights plan is not approved by a majority of the votes cast on this issue, the plan will immediately terminate.

Clawback Policy

The Board shall, in all appropriate circumstances, require reimbursement of any annual incentive payment or long-term incentive payment to an executive officer where: (1) the payment was predicated upon achieving certain financial

Table of Contents

results that were subsequently the subject of a substantial restatement of Company financial statements filed with the Securities and Exchange Commission; (2) the Board determines the executive engaged in intentional misconduct that caused or substantially caused the need for the substantial restatement; and (3) a lower payment would have been made to the executive based upon the restated financial results. In each such instance, the Company will, to the extent practicable, seek to recover from the individual executive the amount by which the individual executive s incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results. For purposes of this policy, the term executive officer means any officer who has been designated an executive officer by the Board.

Table of Contents

GOVERNANCE MATERIALS AVAILABLE ON THE BOEING WEBSITE

Our Corporate Governance Principles are reviewed regularly and revised in response to changing regulatory requirements, evolving best practices and the concerns of our shareholders. Our Corporate Governance Principles are posted on the Corporate Governance section of our website at **www.boeing.com/corp_gov/** and are included in this Proxy Statement on page 16.

In addition to our Corporate Governance Principles, other information relating to corporate governance at Boeing is available on the Corporate Governance section of our website, including:

Biographies for each member of our Board of Directors;

A description of the Lead Director s duties and responsibilities;

The Company s Director Independence Standards;

The Charters of each of the Board committees;

The Company s codes of conduct for directors, for all employees and for finance employees;

The Company s Certificate of Incorporation and By-Laws;

Information about how shareholders can communicate with the Board of Directors and the Chair of the Audit Committee; and

Information regarding securities transactions by directors and officers.

In addition, we make available the following documents:

A copy of our Corporate Philanthropy Report, detailing the Company s philanthropic activities and contributions in 2008, is available on the Global Corporate Citizenship section of our website at **www.boeing.com/ companyoffices/aboutus/community/**;

A copy of our Ethical Business Conduct Guidelines, which includes a description of our policy regarding political contributions, is available on the Ethics section of our website at **www.boeing.com/companyoffices/aboutus/ethics/ethics_booklet.pdf**; and

A copy of our 2008 Environmental Report, which contains a detailed description of our commitment to world class environment, health and safety programs, is available on the Environmental section of our website at **www.boeing.com/aboutus/environment/index.htm/**.

We will provide any of the foregoing information in print without charge upon written request to the Office of the Corporate Secretary, Boeing Corporate Offices, 100 North Riverside Plaza, 311A1, MC 5003-1001, Chicago, Illinois 60606-1596.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee during 2008 were Messrs. Bryson, Duberstein, McDonnell, Edward M. Liddy and Ms. Rozanne L. Ridgway. No members of the Compensation Committee during 2008 were officers or employees of Boeing or any of its subsidiaries during the year, were formerly Boeing officers or, except as set forth below, had any relationship otherwise requiring disclosure. On October 27, 2008, at a regularly scheduled meeting, the Company s Board of Directors accepted Edward M. Liddy s resignation as a director of the Company. In accordance with the Company s Corporate Governance Principles, Mr. Liddy offered his resignation on September 24, 2008, shortly after his election as Chairman and Chief Executive Officer of American International Group, Inc. (AIG). In 2008, amounts due and/or paid from AIG to the Company totaled approximately $812.4 million. This amount relates almost entirely to payments made in connection with pre-existing orders of Boeing aircraft from AIG s subsidiary, International Lease Finance Corp. (ILFC). ILFC did not place any new orders for aircraft in 2008, either during the short period of Mr. Liddy s dual association or otherwise. In addition, the total amount due and/or paid from the Company to AIG in 2008 was approximately $26.9 million. This amount relates primarily to premiums for pre-existing insurance policies. The Company does not believe that Mr. Liddy had or has a material direct or indirect interest in these transactions, either before or after the Board s acceptance of Mr. Liddy s resignation.

Table of Contents

DIRECTOR COMPENSATION

2008 DIRECTOR COMPENSATION TABLE

The following table sets forth information regarding compensation for each of the Company s nonemployee directors for 2008. The Company s nonemployee director compensation program is comprised of cash (board and committee annual retainer fees) and equity (deferred stock unit awards). Directors who are employees of the Company do not participate in the Company s compensation program for nonemployee directors.

Name	Fees Earned or Paid in Cash ($)(8)	Stock Awards ($)(9)	Option Awards ($)(10)	All Other Compensation ($)(11)	Total ($)
John H. Biggs(1)	$ 85,000	$ 130,000	$ 0	$ 30,000	$ 245,000
John E. Bryson(2)	81,749	130,000	0	31,000	242,749
Arthur D. Collins, Jr.	75,000	130,000	0	17,000	222,000
Linda Z. Cook	75,000	130,000	3,258	13,500	221,758
William M. Daley	75,000	130,000	0	0	205,000
Kenneth M. Duberstein(3)	105,792	130,000	0	25,000	260,792
James L. Jones(4)	75,000	130,000	0	0	205,000
Edward M. Liddy(5)	75,000	130,000	0	0	205,000
John F. McDonnell	75,000	130,000	0	37,000	242,000
Rozanne L. Ridgway(6)	40,000	65,000	0	25,000	130,000
Mike S. Zafirovski(7)	80,000	130,000	0	25,000	235,000

(1) Audit Committee Chair.

(2) Compensation Committee Chair (as of the Company s 2008 Annual Meeting).

(3) Lead Director; Governance, Organization and Nominating Committee Chair (as of the Company s 2008 Annual Meeting).

(4) Gen. Jones resigned from the Board on December 15, 2008.

(5) Mr. Liddy resigned from the Board on October 27, 2008.

(6) Ms. Ridgway retired from the Board as of the Company s 2008 Annual Meeting. Ms. Ridgway was the Governance, Organization and Nominating Committee Chair until the Company s 2008 Annual Meeting.

(7) Finance Committee Chair.

(8) The amount reported in the Fees Earned or Paid in Cash column reflects total cash compensation paid to each director in 2008 and includes amounts deferred at the director s election.

(9) The amount reported in the Stock Awards column for each director reflects the compensation costs for financial reporting purposes for the year under Financial Accounting Standards Board Statement of Financial Accounting Standard No. 123 (revised 2004), *Share-Based Payment* (FAS 123R) for the retainer stock units awarded to each director in 2008. The FAS 123R fair value for these awards is equal to the Fair Market Value of the underlying Boeing stock on the date of grant. The Fair Market Value for a single trading day is the mean of the high and low per share trading prices for Boeing stock as reported by *The Wall Street Journal* for the New York Stock Exchange Composite Transactions. As of December 31, 2008, the following directors had the following aggregate number of deferred stock units accumulated in their deferral accounts for all years of service as a director from deferrals of cash compensation and awards of retainer stock units, including additional deferred stock units credited as a result of dividend equivalents earned with respect to the deferred stock units: Mr. Biggs, 29,534 units; Mr. Bryson, 30,509 units; Mr. Collins, 4,794 units; Ms. Cook, 13,397 units; Mr. Daley, 7,298 units; Mr. Duberstein, 31,402 units; Gen. Jones, 3,897 units; Mr. Liddy, 3,628 units; Mr. McDonnell, 18,089 units; Ms. Ridgway, 36,404 units; and Mr. Zafirovski, 11,668 units. As a result of her retirement from the Board and her distribution election, one-third of Ms. Ridgway s deferred stock units were distributed on January 2, 2009. As a result of his resignation from the Board, Mr. Liddy s deferred stock units

were distributed on January 2, 2009. As a result of his designation by the President to become Assistant to the President for National Security Affairs and his resignation from the Board, Gen. Jones s deferred stock units were distributed on January 26, 2009.

(10) The amount reported in the Option Awards column reflects the compensation costs for financial reporting purposes for the year under FAS 123R, rather than an amount paid to or realized by the director, for outstanding stock options held by the director that were granted in prior years. The award of stock options as an element of nonemployee director compensation was discontinued after 2004. The compensation costs for outstanding options held by directors other than Ms. Cook were reflected in prior year financial statements in accordance with FAS 123R because those directors were retirement-eligible (they were at least 62 years old and had at least one year of service with the Company). Assumptions used in the calculation of the compensation costs are included in Note 15 of the Company s audited financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on February 9, 2009. As of December 31, 2008, the following directors had the following aggregate number of outstanding stock options: Mr. Biggs, 14,400; Mr. Bryson, 14,400; Ms. Cook, 3,000; Mr. Duberstein, 14,400; Mr. McDonnell, 14,400; and Ms. Ridgway, 14,400.

(11) The amount reported in the All Other Compensation column for each director reflects amounts in gift matching for the year under the Board Member Leadership Gift Match Program, which matches dollar-for-dollar certain charitable contributions made by directors, with a maximum match of $31,000 per director on an annual basis. The amount for Mr. McDonnell includes $6,000 matched in 2008, which will be applied to his 2009 gift match limit. To be eligible for gift matching under the Board Member Leadership Gift Match Program, a contribution must be to a non-profit organization or educational institution in whose function and affairs the director has a substantial involvement.

Cash Compensation

In 2008, nonemployee directors received a cash Annual Board Retainer Fee of $75,000 per year. The Lead Director received an additional annual retainer fee of $15,000. Nonemployee directors who served as chairs of the Audit Committee and the Compensation Committee received an additional annual retainer fee of $10,000, and nonemployee directors who served as chairs of the Governance, Organization and Nominating Committee, the Finance Committee and the Special Programs Committee received an additional annual retainer fee of $5,000. The Company does not pay additional fees for attending Board or committee meetings. All retainer fees are payable quarterly, as of the first business day of January, April, July and October. The Company reimburses nonemployee directors for actual travel and out-of-pocket expenses incurred in connection with their services.

Beginning in 2009, nonemployee directors will receive a cash Annual Board Retainer Fee of $100,000 per year. The Lead Director will receive an additional annual retainer fee of $25,000. Nonemployee directors who serve as chairs of the Audit Committee, the Compensation Committee, the Governance, Organization and Nominating Committee, the Finance Committee and the Special Programs Committee will receive an additional annual retainer fee of $15,000. The Company will continue not to pay additional fees for attending Board or committee meetings. All retainer fees will be payable quarterly, as of the first business day of January, April, July and October. The Company will continue to reimburse nonemployee directors for actual travel and out-of-pocket expenses incurred in connection with their services.

Deferred Compensation

Nonemployee directors may defer all or part of their cash compensation into an interest-bearing, cash-based account or as deferred stock units (an unfunded stock unit account) under the Company s Deferred Compensation Plan for Directors. The number of units is calculated by dividing the amount of the deferred fees by the Fair Market Value of Boeing stock on each of the four quarterly dates on which the Annual Board Retainer Fee is paid. Directors do not have the right to vote or transfer deferred stock units. Deferred stock units earn the equivalent of dividends, which are credited as additional deferred stock units and will be distributed as shares of Boeing stock after retirement or other termination of Board service. For the 2008 deferrals, the Fair Market Value on each of January 2, April 1, July 1 and October 1, 2008 was $86.92, $75.35, $65.39 and $56.69, respectively, and directors deferred cash compensation into deferred stock units as follows: Mr. Bryson, $81,749 for 1,191 units; Mr. Collins, Jr., $75,000 for 1,082 units; Mr. Daley, $75,000 for 1,082 units; Gen. Jones, $75,000 for 1,082 units; Mr. Liddy, $75,000 for 1,082 units; and Mr. Zafirovski, $80,000 for 1,154 units.

Table of Contents

Stock-Based Compensation

Each eligible nonemployee director is granted a retainer stock unit award, with the number of units equal to the number of shares of Boeing stock that could be purchased with an aggregate of $130,000. The number of retainer stock units awarded is based on the Fair Market Value of Boeing stock on each of the four quarterly dates on which the Annual Board Retainer Fee is paid. For 2008, a total of 1,876 retainer stock units were awarded to each director, except Ms. Ridgway, who received 805 units prior to her retirement from the Board on April 28, 2008. The retainer stock units are credited to the director s account (an unfunded stock unit account) in the Company s Deferred Compensation Plan for Directors and are immediately vested. Directors do not have the right to vote or transfer retainer stock units. Retainer stock units earn the equivalent of dividends, which are credited as additional retainer stock units. Retainer stock units will be distributed as shares of Boeing stock after retirement or other termination of Board service.

Before 2005, nonemployee directors received annual option grants, with an exercise price equal to the average of the Fair Market Values for the fifth through ninth business days following the date of grant, which was the date of the Annual Meeting. The options have a term of ten years and generally become exercisable in installments of one, three and five years after the date of grant. If a director s service is terminated due to retirement, disability or death, exercisability of the options will be accelerated.

As noted in the Company s Corporate Governance Principles, the Board of Directors has approved stock ownership guidelines that provide that each nonemployee director should attain during his or her first three years as a director an investment position in the Company s stock (including deferred stock units) equal to three times the Annual Board Retainer Fee and by the end of his or her sixth year as a director an investment equal to five times the Annual Board Retainer Fee. All directors who have served three years or six years meet these guidelines.

2008 AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors serves as the representative of the Board for general oversight of the Company s financial accounting and reporting, systems of internal control, audit process, and monitoring compliance with laws and regulations and standards of business conduct. The Board has adopted a written charter for the Audit Committee. Management of the Company has responsibility for preparing financial statements of the Company as well as for the Company s financial reporting process. Deloitte & Touche LLP, acting as independent auditor, is responsible for expressing an opinion on the conformity of the Company s audited financial statements with generally accepted accounting principles in the United States.

In this context, the Audit Committee hereby reports as follows:

(1) The Audit Committee has reviewed and discussed the audited financial statements for fiscal year 2008 with the Company s management.

(2) The Audit Committee has discussed with the independent auditor the matters required to be discussed by the Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended by the Public Company Accounting Oversight Board in Rule 3200T.

(3) The Audit Committee has received the written disclosures and the letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the Audit Committee concerning independence, and has discussed with the independent auditor the independent auditor s independence.

(4) Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board of Directors of the Company, and the Board has approved, that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the Securities and Exchange Commission.

Each member of the Audit Committee meets the independence and financial literacy requirements of the SEC and the NYSE, is an audit committee financial expert under SEC rules and has accounting or related financial management expertise.

Audit Committee

John H. Biggs, Chair

Arthur D. Collins, Jr.

Linda Z. Cook

Mike S. Zafirovski

26

Table of Contents

INDEPENDENT AUDITOR FEES REPORT

Our independent auditor s, Deloitte & Touche LLP, aggregate fees were as follows:

Services Rendered	Fees 2008	Fees 2007
Audit Fees(1)	$ 28.8 million	$ 30.7 million
Audit-Related Fees(2)	$ 0.3 million	$ 0.3 million
Total Audit and Audit-Related Fees	$ 29.1 million	$ 31.0 million
Tax Fees(3)	$ 1.4 million	$ 2.2 million

(1) For professional services rendered for the audits of our 2008 and 2007 annual financial statements, and the reviews of the financial statements included in our Forms 10-Q for fiscal years 2008 and 2007. Includes fees for issuance of consents related to SEC filings and other statutory audits of $3.0 million for 2008 and $2.6 million for 2007.

(2) For audits of employee benefit plans that file financial statements on Form 11-K with the SEC and accounting consultations.

(3) For tax compliance and other services to expatriates and expatriate tax software licenses and related support in 2008 and 2007.

All the above services (audit, audit-related and tax) are pre-approved by the Audit Committee (the Committee).

In addition, in 2008 and 2007, fees totaling $1.4 million and $1.3 million, respectively, have been paid to Deloitte & Touche LLP for employee benefit plan fees charged directly to the plan. Employee benefit plan fees charged directly to the plan do not require pre-approval of the Committee but were pre-approved.

The Committee has considered whether the provision of non-audit services is compatible with maintaining the independence of our independent auditor.

The Committee has adopted a policy governing its pre-approval of audit and non-audit services to be provided by the Company s independent auditor, Deloitte & Touche LLP, in order to facilitate compliance with the requirements of the Sarbanes-Oxley Act of 2002. Permitted audit services may include, among other things, audit, review or attest services required under the securities laws, opinions on the Company s financial statements and internal control systems and processes, comfort letters and other services performed to fulfill the independent auditor s responsibility under generally accepted auditing standards. Permitted non-audit services may include, among other things, consultations and tax services.

Pursuant to this policy, the Office of the Corporate Controller will obtain the Committee s pre-approval of audit and non-audit services to be provided by the independent auditor on an annual basis. Committee pre-approval is also required for additional audit and/or non-audit services outside the scope of previously approved services in the event the fees for such additional services are equal to or greater than $250,000. On a quarterly basis, the Office of the Corporate Controller will provide written updates to the Committee showing audit and non-audit services, the amount of audit and non-audit service fees incurred to date, and the estimated cost to complete such services.

27

Table of Contents

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information regarding beneficial ownership of Boeing stock, as of February 28, 2009, of each director, the Company s Named Executive Officers, and directors and executive officers as a group, and also sets forth stock units and interests held pursuant to the Company s compensation and benefit plans or pursuant to a contract or arrangement. While these interests may not be transferred, some are vested.

All numbers are rounded to the nearest whole share. No family relationship existed among any of the directors or executive officers of the Company.

Directors and Nominees	Shares Beneficially Owned(1)	Stock Units and Interests(2)	Total(3)
John H. Biggs	59,010(4)(5)	30,270(6)	89,280
John E. Bryson	21,861(4)(7)	31,896(6)	53,757
Arthur D. Collins, Jr.	0	6,096(6)	6,096
Linda Z. Cook	3,800(4)	14,133(6)	17,933
William M. Daley	1,250	8,599(6)	9,849
Kenneth M. Duberstein	20,660(4)	32,138(6)	52,798
John F. McDonnell	1,884,144(4)(8)	18,825(6)	1,902,969
Mike S. Zafirovski	0	13,054(6)	13,054

Named Executive Officers	Shares Beneficially Owned(1)	Stock Units and Interests(2)	Total(3)
W. James McNerney, Jr.*	784,367(4)	100,561(6)	884,928
James A. Bell	209,623(4)	50,607	260,230
James F. Albaugh	269,675(4)	160,273	429,948
Scott E. Carson	98,677(4)	330,114	428,791
J. Michael Luttig	72,984(4)	33,034	106,018
All directors and all executive officers as a group (20 persons)	3,667,252(4)	1,077,420	4,744,672

* Also serves as a director.

(1) Consists of the aggregate total of shares of common stock held by the named individual either directly or indirectly, including 401(k) plan holdings and options exercisable within 60 days.

(2) Consists of the aggregate total of any restricted stock units, Boeing Stock Units (BSUs), Career Shares, Matching Deferred Stock Units (MDSUs), retainer stock units or deferred stock units.

(3) All persons listed as directors and nominees or Named Executive Officers, and all directors and officers as a group (20 persons), own less than 1% of the Company s outstanding common shares as of February 28, 2009.

(4) This includes the following shares with respect to which the following persons have the right to acquire beneficial ownership within 60 days of the date of this table by exercise of stock options:

	Number of Shares Issuable
James F. Albaugh	125,272
James A. Bell	131,920
John H. Biggs	14,400
John E. Bryson	14,400
Scott E. Carson	75,920
Linda Z. Cook	3,000
Kenneth M. Duberstein	14,400
J. Michael Luttig	72,984
John F. McDonnell	14,400
W. James McNerney, Jr.	498,530
All directors and officers as a group (20 persons)	1,138,412

(5) This includes 41,560 shares held in the J. H. Biggs Revocable Trust, 2,710 shares held in the Biggs Family Charitable Foundation and 340 shares held in two trusts established for family members.

(6) These numbers represent deferred stock units held under the Deferred Compensation Plan for Directors. All nonemployee directors receive part of their Board compensation in retainer stock units. In addition, they may choose to defer all or part of their cash compensation in the form of deferred stock units. See Director Compensation beginning on page 23.

(7) This includes 1,600 shares held in trust for a member of Mr. Bryson s family.

(8) Of the total shares shown, 1,786,781 shares are held in trusts of which Mr. McDonnell or his wife is a trustee for the benefit of members of the McDonnell family.

SECURITY OWNERSHIP OF MORE THAN 5% SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of the owner of more than 5% of the outstanding Boeing stock as of December 31, 2008.

Name/Address	Shares Beneficially Owned	Percent of Stock Outstanding
State Street Bank and Trust Company (State Street) State Street Financial Center One Lincoln Street Boston, Massachusetts 02111	97,073,710(1)	13.4%
Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	68,220,745(2)	9.34%
Capital World Investors (CWI) 333 South Hope Street Los Angeles, CA 90071	41,372,200(3)	5.6%

(1) Information is based on a Schedule 13G filed by State Street on February 17, 2009. State Street reports that on December 31, 2008, it had sole power to vote or direct the vote (voting power) over 35,082,124 shares, shared voting power over 61,991,586 shares, sole power to dispose of or direct the disposition of (dispositive power) no shares and shared dispositive power over 35,082,124 shares. State Street is the Trustee (the Trustee) of the Company s Voluntary Investment Plan, a 401(k) retirement savings plan (VIP), and the Company s BAO Voluntary Savings Plan (BAO VSP), a 401(k) retirement savings plan for employees of a subsidiary of the Company. The Schedule 13G reports that State Street s reported beneficial ownership includes beneficial ownership of 8.5% of the Company s outstanding shares on December 31, 2008 on behalf of the BAO VSP and VIP. Participants in the BAO VSP and the VIP may direct the Trustee how to vote their proportionate interest in those shares. Unallocated shares and allocated shares for which voting instructions are not timely received by the Trustee are voted by the Trustee in the same manner and proportion as the allocated shares in the VIP stock fund and the BAO VSP stock fund for which voting instructions are timely received, unless contrary to applicable law.

(2) Information is based on a Schedule 13G filed by Bank of America Corporation (BofA), NB Holdings Corporation (NBHC), BAC North America Holding Company (BACNA), BANA Holding Corporation (BANAHC), Bank of America, NA (BofANA), Columbia Management Group, LLC (CMG), Columbia Management Advisors, LLC (CMA), Banc of America Securities Holdings Corporation (SHC), Banc of America Securities LLC (BofAS), NMS Services, Inc. (NMSSI), NMS Services (Cayman), Inc. (Cayman), Banc of America Investment Advisors, Inc. (BofAIAI) and U.S. Trust Company of Delaware (Trust Company) on February 13, 2009. The Schedule 13G reports that on December 31, 2008, (a) BofA had shared voting power and shared dispositive power over 5,493,625 and 68,220,745 shares, respectively; (b) NBHC had shared voting power and shared dispositive power over 5,355,270 and 67,902,390 shares, respectively; (c) each of BACNA and BANAHC had shared voting power and shared dispositive power over 5,053,713 and 67,600,833 shares, respectively; (d) BofANA had sole voting power, shared voting power, sole dispositive power and shared dispositive power over 3,387,283, 1,666,430, 2,803,010 and 64,797,823 shares, respectively; (e) CMG had shared voting and shared dispositive power over 1,196,517 and 1,709,334 shares, respectively; (f) CMA had sole voting power, shared voting power, sole dispositive power and shared dispositive power over 1,130,702, 65,815, 1,594,137 and 115,197 shares, respectively; (g) SHC had both shared voting and shared

dispositive power over 301,557 shares; BofAS had both sole voting and sole dispositive power over 301,557 shares; (h) NMSSI has both shared voting and shared dispositive power over 138,355 shares; (i) Cayman had both sole voting and sole dispositive power over 138,355 shares; (j) BofAIAI has shared voting power over 174,414 shares; and (k) the Trust Company had sole voting and sole dispositive power over 10,079 shares and shared voting and shared dispositive power over 11,400 shares. The Schedule 13G reports that the 67,600,833 shares beneficially owned by BofANA includes 238,540 shares held in the BAO VSP and 61,753,046 shares held in the VIP on behalf of The Boeing Company Employee Savings Plan Master Trust with respect to which BofANA has shared dispositive power. BofANA, successor to United

Table of Contents

States Trust Company, National Association, serves as the investment manager for the Company common stock held under the VIP and BAO VSP and has dispositive power for such shares under the terms of its investment management agreement.

(3) Information is based on a Schedule 13G filed by CWI on February 13, 2009. CWI reports that on December 31, 2008, it had sole voting power over 5,909,000 shares and sole dispositive power over 41,372,200 shares. CWI also reports that it is a division of Capital Research and Management Company (CRMC) and that CWI is deemed to be the beneficial owner of 41,372,200 shares or 5.6% of the Company s outstanding shares as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. CWI disclaims beneficial ownership of these shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company s directors and certain of its officers to send reports of their ownership of Boeing stock and of changes in such ownership to the SEC and the NYSE. SEC regulations also require the Company to identify in this Proxy Statement any person subject to this requirement who failed to file any such report on a timely basis. Based on the Company s review of the reports it has received, the Company believes that all of its directors and officers complied with all the reporting requirements applicable to them with respect to transactions during 2008.

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This Compensation Discussion and Analysis presents information about the compensation of our senior executives, including the officers named in the Summary Compensation Table beginning on page 44 (the Named Executive Officers or NEOs).

Our executive compensation program is designed to promote a strong culture of leadership development, aligned with performance improvement (focused on both growth and productivity) and integrity, which in turn drives financial performance that provides value to our stakeholders. The main components of our executive compensation program include base salary and annual and long-term incentives (total direct compensation). Our incentive program is designed to emphasize a pay-for-performance relationship since payouts are predominantly based on Company and individual performance.

Annual incentive awards are tied to financial (economic profit) results and individual performance. Individual performance incorporates a leadership attribute assessment into the final award. Awards are paid in cash and provide a strong link between pay and performance by providing for immediate awards after the completion of the performance period.

The 2008 long-term incentive program, which includes a combination of Performance Awards and stock options, provides a balanced focus on driving both internal and external performance. Performance Awards link payouts to achieving internal financial (economic profit) goals tied to our long-range business plan. Stock option payouts are contingent on growth in the Company s stock price. The long-term incentive program was modified in 2009 to include a restricted stock unit component while maintaining the same emphasis and relative weighting on the Performance Award component of the plan.

Executive Compensation Philosophy

Highly Qualified Employees

The Company s long-term success will be shaped by our people. We strive to ensure our employees contributions and performance are recognized and rewarded through a competitive compensation program. Our executive compensation program is designed to enhance shareholder value, while attracting and retaining world-class talent at all organizational levels, and rewarding executives for strong leadership and performance.

Pay for Performance

We target an executive compensation package that is competitive against the market in which we compete for talent. A majority of an executive s annual target total compensation package is variable at-risk compensation tied to performance (i.e., internal financial, stock price and individual performance). This principle means if performance is at or above targeted levels, the executive s total compensation will be at or above targeted levels. Conversely, if performance is below targeted levels, total compensation will be below targeted levels.

Objectives and Guiding Principles

The following objectives and guiding principles shape the design and administration of our executive compensation program:

Shareholder Alignment Align with shareholder interests by focusing on key measures of value creation and requiring a significant ownership of Boeing stock through ownership requirements for NEOs, other officers and senior executives.

Sustainable Results Link pay to Company and individual performance by targeting a significant portion of an executive s compensation to the achievement of annual and long-term performance goals.

Objective Performance Metrics Drive performance to our business plan by communicating and reinforcing the importance of achieving the Company s growth and productivity initiatives.

- Risk Management Appropriately designed incentive plans that inherently discourage excessive risk-taking by executives through structural features such as caps on both annual incentive awards and long-term Performance Awards and an equal balance between restricted stock unit grants and stock option awards.

- Market Competitiveness Attract and retain talent by paying competitively with other major corporations that operate complex businesses in global markets.

- Sound Corporate Governance Serve the long-term interests of the Company, communities, customers, shareholders and suppliers by establishing and administering programs in accordance with sound corporate governance principles.

Executive Compensation Design

Base Salary

Base salaries provide for competitive pay based on the market value of the position and meet the objective of attracting and retaining the talent needed to run the business. Salaries are reviewed annually. Salary increases may be given based on individual factors, such as competencies, skills, experience, performance, and market practices. There are no specific weightings assigned to these individual factors. Annual salary increases are generally effective in March. Promotional increases may also be given when executives assume new roles.

Incentive Plan Performance Metric

We use economic profit as the financial metric for executive annual incentives and Performance Awards. Specifically, the economic profit performance metric utilized throughout our incentive compensation programs for employees at all organizational levels equals:

- Net operating profit after tax (operating earnings, adjusted to exclude share-based plans expense and Boeing Capital Corporation interest expense, and reduced for taxes using an effective tax rate), less

- Capital charge (average net assets multiplied by a targeted cost of capital, where average net assets exclude cash, marketable securities, debt and certain pension and other post-retirement benefit obligations).

After the end of the performance period, the Compensation Committee (the Committee) may choose to exclude certain items to ensure that award payments represent underlying growth and performance of the core business. Economic profit measures our ability to generate earnings after covering the capital expenses associated with our net assets. Economic profit represents a challenging performance metric because it reflects not only how much a business earns, but also how well it uses its net assets to support its operations to generate revenue. Economic profit grows not merely by increasing revenues, but also by reducing costs and optimizing net assets. Economic profit growth is accomplished through more efficient processes, cost containment and minimized inventory, as well as other actions taken by management.

Economic profit is aligned with the enterprise financial performance targets established by our Company and is also the sole financial metric for our broad-based, annual non-executive employee incentive plan. This alignment between the executive and non-executive populations ensures that all employees in the Company are connected and working toward the same financial goals.

Table of Contents

Annual Incentive Plan

The Annual Incentive Plan is designed to motivate and reward NEOs and all other executives based on the achievement of Company and individual goals for the performance year. Executives are assigned a target incentive award based on their pay grade. Actual incentive awards are determined by Company and individual performance scores (with targets of 1.0) and paid 100% in cash. The mechanics of the 2008 Annual Incentive Plan were as follows:

Target Annual Incentive Award	X	Company Performance Score	X	Individual Performance Score	=	Actual Annual Incentive Award
% of base salary (based on pay grade)		Measured by Corporate economic profit		Measures business performance and leadership attributes		Maximum award of 200% of target (CEO maximum of 230% of base salary per employment agreement, equal to approximately 135% of target)
CEO annual incentive target of 170% of salary		Score can range from 0.0 to 2.0 (target of 1.0)		Scores can range from 0.0 to 2.0 (target of 1.0)		
Other NEO targets range from 80% to 100% of salary		Score approved by the Compensation Committee		Scores recommended by management (CEO score determined by the Compensation Committee)		
		No executive payout for Company performance score less than 0.5				

The Committee approves all individual performance scores for the NEOs and other officers and has the discretion to make any adjustments. The expectation is that individual performance scores for all executives will average to 1.0 by each pay grade. Most scores for executives generally fall within the 0.80 to 1.20 range. There are two components that make up the individual performance score:

- Business Performance Score (weighted 70%) A qualitative and quantitative assessment of an executive s individual performance goals and contributions, value of contributions relative to peers and overall organization performance throughout the performance period.

- Leadership Attribute Score (weighted 30%) A qualitative assessment of an executive s performance with respect to six leadership attribute elements applicable to all executives and managers:

  - Charts the Course

  - Finds a Way

  - Lives Boeing Values

Inspires Others

Delivers Results

Sets High Expectations

Strong leadership plays a significant role in driving the Company s growth and productivity targets.

Individual NEO performance scores are determined based on the CEO s assessment of the achievement of those goals; the CEO s performance is assessed by the Committee.

Long-Term Incentive Program

Our 2008 long-term performance-based incentive program was comprised of a mix of Performance Awards and stock options. The grant guidelines for each pay grade are designed to be approximately equal in targeted expected value to place a similar weighting on driving internal financial and stock price performance. The Committee has limited discretion within the officer pay grades in determining long-term incentive grants. Discretion in grant size may be based on scope of job and impact to the Company. Long-term incentive award payouts are based on Company performance. There is not an individual performance element associated with long-term incentive payouts.

Table of Contents

Long-Term Incentive Performance Awards

Performance Awards reward executives based on the achievement of three-year economic profit goals tied to the Company s long-range business plan.

- Individual target awards are based on a multiple of base salary.
- Final awards may range from 0% to 200% of an individual s target.
- Payment, if earned, will be made in cash or stock (at the Committee s discretion).

Performance Awards are designed to pay 100% of target at the end of the three-year performance cycle if the economic profit goal is achieved at the end of the performance period. To provide greater incentive for greater performance, the Performance Awards have a sliding scale that provides for payouts up to 200% of target for maximum performance. For below target performance, below target awards can be earned. The threshold level of performance provides for payouts of 25% of target. If the threshold level of performance is not achieved, no awards will be paid. There are linear relationships for levels of performance between threshold and target, and target and maximum.

Performance Award goals are set so that the target payout is achievable if the Company executes according to the long-range business plan. It is expected that maximum performance and less than threshold performance would each be infrequent (i.e., less than 10% of the time). The general expectation of the Company is that over the length of a business/economic cycle Performance Awards will average close to 100% of target.

Long-Term Incentive Stock Options

Stock options align executives interests with those of shareholders since the Company s options only have realizable value if the price of Boeing stock increases after the options are granted. Stock option grant levels are set annually based on the targeted expected value and recent stock price performance. The size of future awards is evaluated and determined annually based on changes in the Company s stock price year over year. NEOs and other executives receive nonqualified option grants with the following characteristics:

- Have an exercise price equal to the Fair Market Value (average of high and low) of Boeing stock on the grant date.
- Vest annually in approximately equal installments over a three-year period.
- Expire ten years after the date of grant.

Changes for 2009

The 2009 long-term incentive program will include restricted stock units and be delivered in the following mix (based on the targeted expected value at grant):

- Performance Awards: 50%
- Stock options: 25%

Restricted stock units: 25%

Restricted stock units, that vest three years after the date of grant, were added to better achieve the objectives for the long-term incentive program. Specifically, the role of stock options was reduced (from 50% to 25% weighting) and restricted stock units were added in order to:

Maintain strong shareholder alignment by emphasizing value creation while not, potentially, encouraging undue risk taking in order to earn incentive awards.

Ensure a continued equal emphasis on internal performance (Performance Awards) and external (stock price performance) but through a more balanced risk profile.

Provide an immediate sense of ownership since the value of these units is equal to Boeing s stock price. As such, the ultimate value realized upon vesting (three years after grant) will be based on the stock price at that point in time. The use of restricted stock units is consistent with the Company s objective of facilitating meaningful stock ownership through a balanced portfolio of equity and cash-settled awards.

Table of Contents

Ensure there is not an incentive for excessive risk-taking implied in the grant mix. The Compensation Committee felt it was prudent to reduce the role of stock options in favor of restricted stock units.

Be more cost effective considering share usage levels (approximately three stock options are required to deliver a grant date expected value of one restricted stock unit).

Prior Awards

Prior to 2006, Boeing granted Performance Shares and Career Shares (restricted stock units) to executives. Performance Shares vest subject to the achievement of specified stock price goals within five years after the date of grant. Career Shares vest upon an executive s retirement. In addition, the Company granted Boeing Stock Units in partial payment of annual incentive awards, restricted stock and restricted stock units for new hire and promotional grants, and Matching Deferred Stock Units for deferrals of certain compensation.

Performance-Based Compensation

The Committee determines the portion of each executive s compensation that will be variable at-risk performance-based compensation, with the at-risk portion increasing as an executive assumes greater levels of responsibility and impact to the Company. The percentage of the NEOs 2008 target total direct compensation that was at-risk as of the time it was initially approved is set forth in the table below. We define 2008 at-risk compensation to include the 2008 target annual incentive and the target expected value of Performance Awards and stock options granted in 2008. The percentages below are calculated by dividing (i) the at-risk compensation amount by (ii) target total direct compensation, which includes the at-risk compensation plus base salary.

	Base Salary	**Target Annual Incentive** *(at-risk compensation)*	**Target Long-Term Incentive** *(at-risk compensation)*	**Target Total Direct Compensation**
CEO	11%	19%	70%	100%
Other NEOs Average	20%	18%	62%	100%

Executive Stock Ownership

In order to ensure continual alignment with our shareholders, we have stock ownership requirements for NEOs, other officers and senior executives. The ownership requirements have been in place since 1998 and are based on a multiple of base salary tied to pay grade. As of the end of 2008, the NEOs complied or were on track to comply with their stock ownership guidelines. Effective for 2009, changes were made to the stock ownership guidelines to better align to the design of our incentive programs (which were changed effective in 2006) and current market practices. The stock ownership guidelines require executives to attain and maintain the following investment position in Boeing stock and stock units:

CEO: 6x base salary.

Executive Vice Presidents (EVP): 4x base salary.

Senior Vice Presidents (SVP): 3x base salary (previously was 4x base salary). The separation of SVP and EVP for purposes of the ownership guideline is consistent with the incentive structure which differentiates the long-term incentive award opportunities for each level.

Vice Presidents: 1x or 2x base salary based on pay grade.

Effective in 2009, the compliance period was extended from three years to five years. Five years is the prevalent market practice and it provides a reasonable goal for new executives to accumulate shares through earned incentive awards and deferrals into stock units. In making this change, executives already in compliance will be expected at a minimum to maintain the threshold level of ownership (reduction in current stock ownership below the minimum requirements will not generally be permitted).

The five-year period for an executive commences the later of January 1, 2009, or January 1 after the executive enters a participating pay grade where stock ownership guidelines are applicable. During the five-year compliance period, executives are expected to continuously accumulate qualifying equity until they meet the minimum stock

Table of Contents

ownership guideline. Each October, the Compensation Committee will review the ownership position of each officer as well as a summary covering senior executives. In assessing stock ownership, the average daily closing stock price over a one-year period (ending September 30 of each year) will be used. This approach will mitigate the affect of stock price volatility and is consistent with the objective of requiring long-term, sustained stock ownership. (The prior approach assessed ownership based on a single day s stock price.)

The Compensation Committee may, in its discretion, elect at any time to pay some or all of subsequent Performance Award payments in stock. This approach may be used for executives who are currently not in compliance with their ownership guidelines.

In addition to directly owned stock and stock units, restricted stock and restricted stock units, deferred stock units and shares held in our savings plans are included in calculating ownership levels. Unvested Performance Shares, unvested Performance Awards and unexercised stock options do not count toward the ownership guidelines.

Other Design Elements

As part of a comprehensive and competitive executive compensation package, executives (including NEOs) receive additional benefits as summarized below (more details are provided in the tabular disclosures beginning on page 44). These benefits are non-performance related and designed to provide a market competitive package in order to attract and retain the executive talent needed to achieve our business objectives.

Perquisites and Other Executive Benefits

Boeing provides limited perquisites and other benefits to the NEOs and selected other executives to achieve our objectives. In 2008, these perquisites (by primary objective achieved) included:

Security Certain senior executives are encouraged (the CEO is required) to use Company aircraft for business and personal travel for security reasons. The Company provides the CEO a car service so that business may be conducted during his commute and for security purposes. In addition, home security is provided to the CEO and other NEOs.

Productivity Tax preparation services; relocation assistance services (when applicable).

Health Executive annual physical exam; supplemental life insurance.

Market Driven Company-provided leased vehicles; charitable gift matching program.

During 2007, the Committee conducted a comprehensive review of perquisites and other executive benefits relative to our objectives (e.g., security, productivity, health) and market practices. As a result of this review, the Committee confirmed the continuation of certain perquisites and made a few program changes for 2008 (including limiting financial counseling services to tax preparation only, increasing the annual physical exam allowance for senior executives to reflect usual and customary expenses related to these medical procedures and eliminating personal use of club memberships).

Retirement Benefits

Executives are eligible to participate in a competitive retirement benefit package.

Defined Benefit Pension

In general, for executives hired before January 1, 2009, benefits are based on age, service and compensation, comprised of the following defined benefit plans (no employee contributions are required in order to participate in these plans):

The Boeing Pension Value Plan (PVP), a tax-qualified defined benefit plan provided to all salaried Boeing U.S. employees not represented by a collective bargaining agent (unless the collective bargaining agreement provides for coverage).

Supplemental Executive Retirement Plan for Employees of The Boeing Company (SERP), a nonqualified defined benefit plan that provides a makeup for benefits not accrued under the Boeing Pension Value Plan due to Internal Revenue Code limits. The SERP also provides a supplemental target benefit that may enhance the benefits received under the Pension Value Plan.

Table of Contents

The SERP was amended to eliminate supplemental target benefits to executives who are hired or rehired on or after January 1, 2008. Under the amended SERP, executives hired or rehired on or after January 1, 2008 will be eligible to receive the same retirement benefits payable to non-executives without Internal Revenue Code limits, which does not include the supplemental target benefit.

We also provide a supplemental retirement benefit to Mr. McNerney to compensate him for benefits provided by his prior employer that he forfeited when he accepted his role at Boeing.

Deferred Compensation

Executives are eligible to participate in the following voluntary deferral programs (known as defined contribution plans):

- Deferred Compensation Plan for Employees that allows executives to voluntarily defer the receipt of salary and earned incentive awards.

- The Voluntary Investment Plan (VIP), a tax-qualified defined contribution plan in which participating employees receive a Company match. The VIP was amended for those who were hired on or after January 1, 2009 to add a Company contribution of 3%, 4% or 5% depending on age. The plan is generally available to all Boeing U.S. employees.

- Supplemental Benefit Plan (SBP), a nonqualified defined contribution plan that allows eligible employees to save and receive a Company match on amounts above those permitted under the VIP due to Internal Revenue Code limits.

The SBP was amended effective January 1, 2009 to provide additional retirement benefits to certain executives hired or rehired on or after January 1, 2009 (along with executives hired as a result of a 4th quarter, 2008 acquisition, as defined in the Plan) who are not eligible to participate in the PVP or the SERP. The amendments were made to be consistent with changes to the Company s qualified retirement plan and to provide market competitive benefits. For eligible employees, the Company will make additional Company contributions of 3%, 4%, or 5% (depending on age) above those permitted under the VIP due to Internal Revenue Code limits and with respect to the executive s annual incentive compensation. The Plan will also provide a supplemental retirement benefit (a DC SERP Benefit) to a select group of management or highly compensated employees at level E1 through E3 who are hired or rehired on or after January 1, 2009 (as defined in the Plan).

Severance Benefits

Executive Layoff Benefits

The Company maintains an Executive Layoff Benefit Plan to provide a fair separation package to an executive in the event his or her job is eliminated. The plan covers all executives (including NEOs other than Mr. McNerney, who is covered by his employment agreement) and provides severance benefits equal to one year s base salary plus target annual incentive compensation, adjusted by Company performance. The plan does not provide benefits upon a change in control. The Committee believes, based on comparison to peer group practices, the current level of benefits provided under the plan (which has been in place since 1997) is appropriate and provides a fair separation package to all executives in the event their jobs are eliminated. In addition, executives may continue to participate in some outstanding incentive award programs after a separation based on service and the terms and conditions of the award.

CEO Severance Benefits

Pursuant to his employment agreement with the Company, Mr. McNerney is entitled to certain severance and change in control benefits if his employment is terminated. The level and nature of these benefits were reviewed against market data and set by a negotiated employment agreement to attract Mr. McNerney, who had similar arrangements with his prior employer, to join the Company. The severance benefits are payable upon his involuntary termination by the Company without cause or voluntary termination by Mr. McNerney for good reason (e.g., adverse change in responsibilities, pay, reporting relationships or the Company s/successor s failure to abide by the agreement). These benefits include a cash severance payment, additional supplemental retirement benefits, health and welfare benefits continuation and vesting of certain long-term incentive awards. The cash severance payment is two times base salary plus target annual incentive. If termination is following a change in control, the

38

Table of Contents

payment is three times base salary plus target annual incentive. In the event of a change in control, Mr. McNerney would receive these severance benefits if his employment were subsequently terminated (by the Company without cause or by the executive for good reason) within two years of the change in control.

Governance of Pay Setting Process

In setting total direct compensation, a consistent approach is applied for all executives:

All executives are assigned to pay grades by comparing position-specific duties and responsibilities with market data and our internal management structure.

Each pay grade has a salary range with corresponding target annual and long-term incentive award opportunities, executive benefits and perquisites.

Salary ranges and incentive opportunities by pay grade are targeted to be at the middle of our peer group.

Individual executive pay positioning will vary based on the requirements of the job (competencies and skills), the executive s experience and performance, and the organizational structure (internal alignment and pay relationships).

The compensation policies applied to the CEO position are the same as those applied to other executive officer positions. However, the pay levels for the CEO position, which sets the Company s strategy and leads the Company in enhancing shareholder value, are higher than other executive officer positions due to the significantly higher level of responsibility.

Exceptions to normal practice may be made based on critical business and people needs.

Role of Committee, Management and Consultant

The Committee establishes, reviews and approves all elements of the executive compensation program. The Committee works with an outside executive compensation consultant (engaged by the Committee) for advice and perspective regarding market trends that may impact decisions the Company makes about its executive compensation program and practices. Management has the responsibility for effectively implementing the executive compensation program. Additional responsibilities of the Committee, management and the consultant include:

Compensation Committee

The Committee reviews and approves business goals and objectives relevant to executive compensation, evaluates the performance of the CEO in light of those goals and objectives, and determines and recommends the CEO s compensation level to independent members of the Board of Directors based on this evaluation.

Based on a review of market data, pay tally sheets (as described below), individual performance and internal pay comparisons, the Committee sets the pay for the CEO and reviews and approves all NEO and other officer pay arrangements, with the exception of base salaries, which are approved by the Board of Directors.

The Board of Directors reviews all components of compensation and approves all executive officer base salaries.

A supermajority of the Board of Directors must approve any incentive awards for our NEOs that are not tax deductible.

Management

The CEO, Senior Vice President, Human Resources and Administration, and Vice President, Strategy, Compensation and Benefits make recommendations on program design and pay levels, where appropriate (CEO pay is set by the Committee), and implement the program approved by the Committee.

The CEO develops pay recommendations for other officers, including the other NEOs, and is assisted in pay administration by the Senior Vice President, Human Resources and Administration.

The CFO provides the Company s financial information used by the Committee to make decisions with respect to incentive compensation goals and related payouts.

Table of Contents

Consultant

- The consultant presents peer group pay practices and other relevant benchmarks to the Committee and management but the consultant does not determine pay.

- The consultant prepares comprehensive pay tally sheets for Committee review. The pay tally sheets provide total annual compensation (for the current year and for the following year, based on expected pay adjustments), accumulated wealth (value of equity holdings, outstanding long-term incentives, deferred compensation and pension) and estimated compensation under various termination scenarios.

Benchmarking Against Our Peer Group

Boeing benchmarks executive compensation against a peer group of leading aerospace and manufacturing companies that have a technology focus, global operations, a diversified business and annual sales and market capitalizations comparable to Boeing. Each year the Compensation Committee reviews the peer group and determines whether any changes should be made. No changes were made to the peer group in 2008. The 2008 peer group was comprised of the following 24 companies:

3M	Exxon Mobil	Honeywell	Motorola
AT&T	Ford	IBM	Northrop Grumman
Caterpillar	General Dynamics	Intel	Procter & Gamble
Chevron	General Electric	Johnson & Johnson	Raytheon
Dell	General Motors	Johnson Controls	United Technologies
DuPont	Hewlett-Packard	Lockheed Martin	Verizon Communications

Peer group compensation benchmarking is one of several factors considered in the pay setting process. Peer group practices are analyzed annually for target total direct compensation, and periodically for other pay elements (such as executive benefits and perquisites). For 2008, each element of the executive compensation structure (salary range, target incentive award opportunities, and executive benefits and perquisites) was set to be within a competitive range to the middle of the peer group companies. The pay positioning of individual executives will vary based on their competencies, skills, experience and performance, as well as internal alignment and pay relationships. In 2008, each NEO s salary and target annual and long-term incentive award opportunities were within the competitive range of compensation opportunities offered at the peer group companies. Actual total compensation earned may be more or less than target based on Company and individual performance results during the performance period.

Determination of Performance Goals (Economic Profit) and Awards

Economic profit goals are set taking into account business conditions, expectations regarding the probability of achievement and the desire to incorporate a degree of stretch to push the Company to achieve a higher level of performance. Specific probabilities of achievement are not assigned to the economic profit goals. Consistent with our philosophy and approach to setting goals, incentive payouts that are above target will be for superior performance (results that exceed our business plan). Goals are set at the beginning of the perfo