

BOEING CO
Form DEF 14A
March 17, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

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))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

THE BOEING COMPANY

(Name of registrant as specified in its charter)

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

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

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(1) Amount Previously Paid:

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(4) Date Filed:

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**2017 ANNUAL MEETING
OF SHAREHOLDERS**

Monday, May 1, 2017

9:00 a.m., Central Time

The Field Museum

1400 South Lake Shore Drive

Chicago, Illinois

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Notice of 2017 Annual Meeting of Shareholders

March 17, 2017

Dear Fellow Shareholder,

You are cordially invited to attend The Boeing Company's 2017 Annual Meeting of Shareholders to be held on Monday, May 1, 2017, at 9:00 a.m., Central Time, at The Field Museum, 1400 South Lake Shore Drive, Chicago, Illinois. At the meeting, shareholders will be asked to:

elect the 13 director nominees named in the proxy statement;

approve, on an advisory basis, named executive officer compensation;

recommend the frequency of future advisory votes on named executive officer compensation;

ratify the appointment of our independent auditor for 2017; and

transact such other business, including certain shareholder proposals, as may properly come before the meeting and any postponement or adjournment thereof.

The meeting will also include a report on our operations. Shareholders of record at the close of business on March 2, 2017 are entitled to vote at the annual meeting and any postponement or adjournment thereof. Your vote is important. Please vote by internet, telephone or mail as soon as possible to ensure your vote is recorded promptly. Please also note that, if you wish to attend the meeting, you must request an admission ticket in advance. To obtain an admission ticket, please follow the instructions on page 62 of the proxy statement.

Thank you for your ongoing support of The Boeing Company.

Very truly yours,

Dennis A. Muilenburg
Chairman, President and

Chief Executive Officer

Grant M. Dixon
Vice President, Deputy General Counsel and Corporate Secretary

REVIEW THE PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Visit www.proxyvote.com

BY TELEPHONE

Call the telephone number on your proxy card, voting instruction form or notice

BY MAIL

Sign, date, and return your proxy card or voting instruction form

IN PERSON

Attend the annual meeting in Chicago

See page 62 for details regarding how to register in advance and obtain an admission ticket

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 1, 2017: This Notice of Annual Meeting and Proxy Statement and the 2016 Annual Report are available at www.proxyvote.com.

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This proxy statement is issued in connection with the solicitation of proxies by the Board of Directors of The Boeing Company for use at the 2017 Annual Meeting of Shareholders and at any adjournment or postponement thereof. On or about March 17, 2017, we will begin distributing print or electronic materials regarding the annual meeting to each shareholder entitled to vote at the meeting. Shares represented by a properly executed proxy will be voted in accordance with instructions provided by the shareholder.

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This summary sets forth certain performance highlights, as well as information contained elsewhere in this proxy statement. You should read the entire proxy statement before casting your vote.

Performance Highlights**Annual Meeting of Shareholders**

When g May 1, 2017, 9:00 a.m., Central Time

Where g The Field Museum, Chicago, Illinois

You are entitled to vote at the meeting if you were a holder of record of our common stock at the close of business on March 2, 2017. Please see page 63 for instructions on how to vote your shares. If you wish to attend the meeting in person, you must register no later than April 21, 2017 to obtain an admission ticket. You must present an admission ticket, along with government-issued photo identification, in order to attend the meeting. See page 62 for additional instructions.

Voting Recommendations of the Board

Item	Description	For	Against	Page
1	Elect directors			4
2	Approve, on an advisory basis, named executive officer compensation			23
3	Approve, on an advisory basis, the frequency of future advisory votes on named executive officer compensation	EVERY		24
			YEAR	
4	Ratify appointment of the independent auditor			53
5	Shareholder proposal additional report on lobbying activities			56
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PROXY SUMMARY

Director Nominees

This year's Board nominees include one new director Robert Bradway, Chairman and CEO of Amgen Inc. Since August 2015, three independent directors have joined the Board, reflecting our ongoing board refreshment strategy and further strengthening and diversifying the skills and experiences of the Board. Each director nominee is listed below, and you can find additional information under Election of Directors (Item 1) beginning on page 4.

Director				
Name	Age	Since	Professional Background	Board Committees
Robert A. Bradway	54	2016	Chairman & CEO, Amgen	Audit, Finance
David L. Calhoun	59	2009	Senior Managing Director, Blackstone Group; Former Chairman & CEO, Nielsen	Compensation, GON
Arthur D. Collins, Jr.	69	2007	Senior Advisor, Oak Hill Capital Partners; Former Chairman & CEO, Medtronic	Compensation, GON
Kenneth M. Duberstein	72	1997	Chairman & CEO, The Duberstein Group;	Compensation, GON
			Former White House Chief of Staff	
Edmund P. Giambastiani, Jr.	68	2009	Seventh Vice Chairman of the U.S. Joint Chiefs of Staff; Former NATO Supreme Allied Commander Transformation and Former Commander, U.S. Joint Forces Command	Audit, Finance, Special Programs
Lynn J. Good	57	2015	Chairman, President & CEO, Duke Energy	Audit, Finance
Lawrence W. Kellner	58	2011	President, Emerald Creek Group;	Audit, Finance
			Former Chairman & CEO, Continental Airlines	
Edward M. Liddy	71	2010	Former Chairman & CEO, Allstate	Audit, Finance
Dennis A. Muilenburg	53	2015	Chairman, President & CEO, Boeing	Special Programs
Susan C. Schwab	61	2010	Professor, University of Maryland School of Public Policy; Former U.S. Trade Representative	Audit, Finance
Randall L. Stephenson	56	2016	Chairman & CEO, AT&T	Audit, Finance,
				Special Programs
Ronald A. Williams	67	2010	Former Chairman & CEO, Aetna	Compensation, GON, Special Programs
Mike S. Zafirovski	63	2004	Executive Advisor, Blackstone Group; Former President & CEO, Nortel	Compensation, GON

Key Features of Our Executive Compensation Program

Pay-for-performance strategy aligns executive compensation with execution of business strategy (page 26)

Incentive pay programs feature multiple performance metrics (page 28)

Approximately 89% of target CEO pay in 2016 was variable (page 31)

No accelerated vesting of equity awards in connection with a change in control (page 34)

Rigorous stock ownership requirements for officers and directors (pages 37 and 20)

No pledging or hedging of Boeing stock by officers or directors (page 38)

Robust clawback policy that permits recoupment of incentive compensation in certain cases of misconduct even absent a financial restatement (page 38)

Stock holding requirements for executive officers (page 37)

No employment or change-in-control agreements

Governance Highlights

Three new independent directors in last 18 months (page 4)

Majority voting for all directors, each of whom is elected for a one-year term

Shareholders meeting certain requirements may nominate directors and have such nominees included in the proxy statement, known as proxy access (page 17)

Extensive Board oversight of risk management, with particular focus on Boeing's key strategic, operational, and compliance risks (page 16)

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PROXY SUMMARY

Strong independent Lead Director with broad responsibilities and significant governance duties (page 13)

Executive sessions of independent directors conducted after every regularly scheduled Board meeting

Board leadership structure re-evaluated annually (page 13)

Robust succession planning process for senior leadership positions

Strict limits on director service on outside boards (page 12)

Comprehensive annual self-assessments of Board and its committees

No supermajority voting

Shareholder right to call special meetings

Publicly disclosed policies and practices regarding political advocacy

Shareholder Outreach

We meet with many of our shareholders throughout the year to ensure that management and the Board are focused on, and responsive to, investor priorities and concerns. For additional information, see [Shareholder Outreach](#) on page 17.

Environmental Stewardship and Corporate Citizenship

Boeing's commitment to innovation extends to how we care for our environment and engage with the communities in which we operate. See [Environmental Stewardship and Corporate Citizenship](#) on page 17 for additional information.

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ELECTION OF DIRECTORS (ITEM 1)

PROPOSAL SUMMARY

Shareholders are being asked to elect the 13 director nominees below to serve until the 2018 annual meeting of shareholders.

The Board recommends that you vote FOR each of the 13 director nominees.

Board Composition and Engagement

Engagement

Significant involvement in developing Boeing's business strategy

Executive session of independent directors after every Board meeting

>98% average meeting attendance

Extensive role in succession planning, including in-depth meetings between individual directors and senior executives at Boeing locations

Comprehensive oversight of strategic, operational, and compliance risks

12 of 13 Independent

Skills and Experience Highlights

Fortune 500 Board Experience	Current or Former CEO of Global Public Company	Senior U.S. Government Experience
12	10	3
Complex Manufacturing Expertise	Technology/Innovation Leadership	Fortune 500 Former CFO
6	7	5

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ELECTION OF DIRECTORS (ITEM 1)

Director Nominees

For information on the factors the Board considers when evaluating candidates for nomination, see **Board Composition** on page 12. Mr. Bradway, who joined the Board within the last year, was referred to the Governance, Organization and Nominating, or GON, Committee by a third-party search firm. Set forth below are the ages, principal occupations, directorships within the past five years, and other details about each nominee.

ROBERT A. BRADWAY**Boeing director since:** 2016**Independent:** Yes**Professional highlights:****Age:** 54

Chairman & CEO,

Amgen Inc.

Chairman & CEO, Amgen Inc. (Chairman 2013-present; CEO 2012-present)

Other current directorships:

President & COO, Amgen Inc. (2010-2012)

Amgen Inc.

Executive VP & CFO, Amgen Inc. (2007-2010)

Norfolk Southern Corporation

Mr. Bradway brings to the Board critical skills in the areas of high technology, product development, financial oversight, and risk management. His experience as a senior executive in the biotechnology industry, including as Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of Amgen, provide him with an extensive understanding of the strategic considerations and challenges associated with a complex, highly regulated industry. In recognition of Mr. Bradway's experience in corporate finance, risk management, and executive leadership, as well as his service on Norfolk Southern's audit committee, the Board elected him to serve on our Audit and Finance committees.

DAVID L. CALHOUN**Boeing director since:** 2009**Independent:** Yes**Professional highlights:****Age:** 59

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Senior Managing
Director & Head of Private
Equity Portfolio
Operations, The
Blackstone Group

Senior Managing Director & Head of Private Equity Portfolio
Operations, The Blackstone Group (2014-present)

Other current directorships:

Chairman & CEO, Nielsen Holdings plc. (Chairman 2014-2016; CEO
2010-2014)

Caterpillar Inc.

Nielsen Holdings plc.

Chairman & CEO, The Nielsen Company B.V. (2006-2014)

Prior directorships:

Vice Chairman, General Electric Company, & President and CEO,
GE Infrastructure (2005-2006)

Medtronic, Inc.

Mr. Calhoun provides valuable insight and perspective on a wide array of strategic and business matters, stemming from his vast executive, management, and operational experience at Blackstone, Nielsen and GE. Mr. Calhoun also has significant global aerospace, aircraft, manufacturing, and high-technology industry expertise as evidenced by his leadership of GE's aircraft engines and transportation businesses, as well as his tenure on Caterpillar's board. Mr. Calhoun's executive leadership and experience in corporate governance matters at Nielsen and his service on Caterpillar's compensation committee enable him to serve a crucial role on our Governance, Organization and Nominating and Compensation Committees.

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ELECTION OF DIRECTORS (ITEM 1)

ARTHUR D. COLLINS, JR.

Boeing director since: 2007

Independent: Yes

Professional highlights:

Age: 69

Senior Advisor, Oak Hill
Capital Partners

Senior Advisor, Oak Hill Capital Partners (2009-present)

Other current directorships:

Chairman & CEO, Medtronic, Inc. (Chairman 2002-2008; CEO
2002-2007)

Arconic, Inc.

President & CEO, Medtronic, Inc. (2001-2002)

U.S. Bancorp

President & COO, Medtronic, Inc. (1996-2001)

Prior directorships:

Alcoa Inc.

Mr. Collins provides guidance to the Board and oversight of our Company on a wide variety of corporate and strategic matters based on his extensive senior executive and business leadership experience. Mr. Collins also brings his perspective from experience on other corporate boards, including as the lead director of U.S. Bancorp and as chair of Arconic's compensation and benefits committee. In addition, the Board benefits from Mr. Collins years of executive leadership at Medtronic and his experience managing the operations of a large, global, high-technology company. As a result of his extensive executive and management expertise, as well as his independence, Mr. Collins' fellow directors elected him to serve as Chair of the Compensation Committee.

KENNETH M. DUBERSTEIN

Boeing director since: 1997

Independent: Yes

Professional highlights:

Age: 72

Chairman & CEO,
The Duberstein Group;
Former White
House Chief of Staff

Chairman & CEO, The Duberstein Group (1989-present)

Other current directorships:

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Chief of Staff, The White House (1988-1989)

Mack-Cali Realty Corporation

Boeing Independent Lead Director

The Travelers Companies, Inc.

Prior directorships:

Dell Inc.

ConocoPhillips

Mr. Duberstein provides independent leadership to the Board as our Lead Director. In addition to having extensive knowledge of Boeing and its businesses, Mr. Duberstein brings to the Board a wide range of experiences in U.S. government, Congressional and international matters and as a member of other Fortune 500 boards. Mr. Duberstein's vast experience, both in the highest levels of the U.S. government and as an outside strategic advisor, enables him to advise the Board and senior management on key issues of corporate strategy and government policy, as well as a wide range of issues related to Boeing's government interactions. In recognition of Mr. Duberstein's skills in overseeing Boeing's corporate governance policies and practices as well as his strong leadership abilities, his fellow directors elected him both as independent Lead Director of the Board and as Chair of the Governance, Organization and Nominating Committee.

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ELECTION OF DIRECTORS (ITEM 1)

EDMUND P. GIAMBASTIANI, JR.**Boeing director since:** 2009**Independent:** Yes**Professional highlights:****Age:** 68CEO,
The Giambastiani Group
LLC

CEO, The Giambastiani Group LLC (2009-present)

Other current directorships:

Seventh Vice Chairman, U.S. Joint Chiefs of Staff (2005-2007)

THL Credit, Inc.

Supreme Allied Commander Transformation, NATO (2003-2005)

New York Board of the Oppenheimer
Funds (51 funds)

Commander, U.S. Joint Forces Command (2002-2005)

Prior directorships:

Monster Worldwide, Inc.

Admiral Giambastiani brings a wide breadth of experience with major program development, program resourcing, and other aspects of managing large U.S. armed forces acquisition programs, including in high-technology areas. During his distinguished U.S. military career of over 40 years, Admiral Giambastiani developed extensive strategic, leadership, operational, and engineering experience that complements Boeing's diverse business needs. These skills enable him to provide expert advice to senior management and his fellow directors on a range of technical and operational matters, including in his capacity as a member of the Special Programs Committee. Admiral Giambastiani's experience as a senior military leader in strategy development and program risk oversight and his expertise with respect to cybersecurity enhances the Board's strategic and management oversight abilities.

LYNN J. GOOD**Boeing director since:** 2015**Independent:** Yes**Professional highlights:****Age:** 57

Chairman,

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President & CEO,

Duke Energy Corporation

Chairman, President & CEO, Duke Energy Corporation (Chairman
2016-present; President and CEO 2013-present)

Other current directorships:

Duke Energy Corporation

Vice Chairman, Duke Energy Corporation, (2013-2016)

Prior directorships:

Executive Vice President & CFO, Duke Energy Corporation
(2009-2013)

Hubbell Incorporated

Ms. Good brings to the Board substantial experience in executive leadership, corporate governance, financial management, and accounting. Ms. Good's record of executive leadership and board experience as Chief Executive Officer and Chairman of Duke Energy, and as a director of Hubbell Incorporated, enables her to advise management on a wide range of strategic, financial, and governance matters, including the challenges associated with operating in heavily regulated industries. Ms. Good also has vast financial management experience, gained principally from her prior service as Chief Financial Officer and Treasurer of Duke Energy and as chair of Hubbell's Audit Committee. Ms. Good also has extensive accounting and auditing skills, including nearly 30 years of experience as a Certified Public Accountant and 11 years as an audit partner at Arthur Anderson LLP and Deloitte & Touche LLP. As a result of Ms. Good's extensive auditing experience and skills in corporate finance and strategic matters, the Board elected Ms. Good to serve on the Board's Audit and Finance Committees.

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ELECTION OF DIRECTORS (ITEM 1)

LAWRENCE W. KELLNER

Boeing director since: 2011

Independent: Yes

Professional highlights:

Age: 58

President, Emerald

Creek Group

President, Emerald Creek Group, LLC (2010-present)

Other current directorships:

Chairman & CEO, Continental Airlines, Inc. (2004-2009)

Sabre Corporation

President & COO, Continental Airlines, Inc. (2003-2004)

Marriott International, Inc.

Prior directorships:

Chubb Limited

Mr. Kellner brings to the Board extensive airline industry experience developed during his 14 years of service in key leadership positions at Continental Airlines, including Chairman, Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. In addition to his deep understanding of strategic planning, customer requirements, and operational management in the airline industry, Mr. Kellner has detailed knowledge in the fields of finance and accounting, gained principally from his experience as Chief Financial Officer at Continental Airlines and American Savings Bank. Mr. Kellner also brings to the Board corporate governance expertise and experience gained from his service as lead director of Marriott and as chairman of Sabre as well as on the boards of other Fortune 500 companies. As a result of his finance and accounting expertise, Mr. Kellner's fellow directors elected him to serve as Chair of the Finance Committee.

EDWARD M. LIDDY

Boeing director since: 2010

Independent: Yes

Professional highlights:

Age: 71

Former Chairman

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& CEO, The Allstate Corporation

Partner, Clayton, Dubilier & Rice, LLC (2008 and 2010-2015)

Other current directorships:

Interim Chairman & CEO, American International Group, Inc. (2008-2009)

3M Company

Chairman & CEO, The Allstate Corporation (Chairman 1999-2008; CEO 1999-2006)

Abbott Laboratories

AbbVie Inc.

Mr. Liddy brings to the Board the benefits of his significant experience as a senior executive and board member of several Fortune 100 companies across a range of industries. Mr. Liddy's extensive executive leadership experience at Allstate and service at the request of the Secretary of the U.S. Department of the Treasury as Interim Chairman and Chief Executive Officer of American International Group enables him to provide the Board with valuable insights on corporate strategy, risk management, corporate governance, and many other issues facing large, global enterprises. Additionally, as a former Chief Financial Officer of Sears, chair of the audit committees of Goldman Sachs and 3M, and partner at Clayton, Dubilier & Rice, Mr. Liddy provides the Board with significant knowledge and understanding of corporate finance, capital markets, financial reporting, and accounting matters. In recognition of this expertise, the Board elected Mr. Liddy to serve as Chair of the Audit Committee.

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ELECTION OF DIRECTORS (ITEM 1)

DENNIS A. MUILENBURG

Boeing director since: 2015

Independent: No

Professional highlights:

Age: 53

Chairman, President
& CEO, The Boeing
Company

Chairman, President & CEO, The Boeing Company (Chairman
2016-present; CEO 2015-present; President 2013-present)

Other current directorships:

Vice Chairman, President & COO, The Boeing Company
(2013-2015)

Caterpillar Inc.

Executive Vice President, President & CEO, Boeing Defense,
Space & Security (2009-2013)

Mr. Muilenburg brings unparalleled experience and knowledge of Boeing’s operations and markets to the Board. Mr. Muilenburg’s experience as Chief Executive Officer, together with his achievements while serving as President and Chief Operating Officer as well as President of Boeing’s Defense, Space & Security unit, uniquely position him to identify and address key aerospace industry challenges and opportunities, assist in the Board’s deliberations with respect to enhancing Boeing’s global footprint, pursuing opportunities for continued innovation, and other strategic imperatives, and provide overall leadership to the Board in his role as Chairman. Mr. Muilenburg also acts as the principal intermediary between management and the Board’s independent directors. In addition, Mr. Muilenburg’s background as a Boeing engineer strengthens the Board’s manufacturing, program development, and technology expertise, and his service on the Caterpillar board and its audit committee enables him to provide the Board with key insights on risk management, corporate finance, and other issues facing large global, complex manufacturing companies.

SUSAN C. SCHWAB

Boeing director since: 2010

Independent: Yes

Professional highlights:

Age: 61

Professor, University
of Maryland School
of Public Policy

Professor, University of Maryland School of Public Policy
(2009-present)

Other current directorships:

Caterpillar Inc.

Strategic Advisor, Mayer Brown LLP (2010-present)

FedEx Corporation

U.S. Trade Representative, Executive Office of the President
(2006-2009)

Marriott International, Inc.

Ambassador Schwab brings unique global and governmental perspectives and experience to the Board and its deliberations. Ambassador Schwab's extensive experience leading large international trade negotiations positions her well to advise her fellow directors and our senior management on a wide range of key issues facing Boeing through its relationships with non-U.S. companies and governments. Ambassador Schwab's vast experience in the U.S. government and in public policy formulation also allows her to advise Boeing on the many challenges and opportunities in government relations. In addition, as a result of Ambassador Schwab's prior business experience and current service on other Fortune 100 corporate boards, she brings expertise to the Board on a wide range of strategic, financial, corporate governance, and compensation matters.

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ELECTION OF DIRECTORS (ITEM 1)

RANDALL L. STEPHENSON**Boeing director since:** 2016**Independent:** Yes**Professional highlights:****Age:** 56Chairman & CEO, AT&T
Inc.

Chairman & CEO, AT&T Inc. (2007-present)

Other current directorships:

COO, AT&T Inc. (2004-2007)

AT&T Inc.

Senior Executive VP & CFO, AT&T (2001-2004)

Emerson Electric Co.

Mr. Stephenson brings to the Board vast expertise in high technology, global operations, product innovation, and large program risk management. In particular, his years of service as AT&T's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer provide him with senior leadership experience and insight into the operations, challenges and complex issues facing large technology companies with extensive multinational operations and markets. As a result of Mr. Stephenson's expertise in accounting and financial reporting and oversight matters, the Board elected Mr. Stephenson to serve on the Audit and Finance Committees.

RONALD A. WILLIAMS**Boeing director since:** 2010**Independent:** Yes**Professional highlights:****Age:** 67

Chairman & CEO,

RW2 Enterprises, LLC

Chairman & CEO, RW2 Enterprises, LLC (2011-present)

Other current directorships:Chairman, President & CEO, Aetna Inc. (Chairman 2006-2011;
President 2002-2007; CEO 2006-2010)

American Express Company

Executive VP & Chief of Health Operations, Aetna Inc. (2001-2002)

Envision Healthcare Holdings, Inc.

Johnson & Johnson

Mr. Williams brings to the Board significant strategic, leadership, operations, and management experience from his tenure at Aetna, including as Chairman and Chief Executive Officer. With more than 25 years of experience in the health care industry, Mr. Williams provides valuable insight into health insurance and employee benefits best practices, as well as the many related areas associated with managing the requirements of companies in industries with large numbers of employees in U.S. and non-U.S. locations. In addition, his service as chair of the risk committee of American Express has enhanced his expertise in risk management at large, global companies. Mr. Williams also brings corporate governance and compensation expertise gained from his service on the boards of other Fortune 100 companies, including as chair of the compensation committee of Johnson & Johnson.

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ELECTION OF DIRECTORS (ITEM 1)

MIKE S. ZAFIROVSKI

Boeing director since: 2004

Independent: Yes

Executive Advisor,
The Blackstone Group

Professional highlights:

Age: 63

Executive Advisor, The Blackstone Group (2011-present)

Other current directorships:

President, The Zaf Group (2012-present)

Stericycle, Inc.

Director, President & CEO, Nortel Networks Corporation
(2005-2009)

Director, President & COO, Motorola, Inc. (2002-2005)

Mr. Zafirovski provides guidance to the Board on a wide variety of strategic, operational, and business matters based on his vast experience leading high-technology enterprises with significant international operations. Mr. Zafirovski's senior executive leadership positions at Nortel, Motorola, and GE enable him to provide unique perspectives on strategic planning, technology development, manufacturing, security, and financial matters. Mr. Zafirovski has emphasized corporate governance and quality leadership teams throughout his career, which is particularly valuable given his service as a member of our Governance, Organization and Nominating Committee.

THE BOARD OF DIRECTORS UNANIMOUSLY

RECOMMENDS A VOTE FOR EACH OF THESE NOMINEES.

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CORPORATE GOVERNANCE

Our corporate governance materials, including our Corporate Governance Principles, the charters of each of the Board's standing committees, our Director Independence Standards and our codes of conduct for directors, finance employees and all employees, may be viewed on our website at www.boeing.com/company/general-info/corporate-governance.page. The GON Committee regularly reviews our governance practices and policies and proposes appropriate modifications for adoption by the Board.

Board Composition

The GON Committee is responsible for identifying and assessing potential candidates and recommending nominees for the Board's approval. The GON Committee assesses the qualifications of incumbent directors and other candidates for nomination on an ongoing basis, including with respect to the following factors:

Experience. The GON Committee considers each candidate's experience and leadership record in such areas as operations, international business, manufacturing, risk management, finance, government, marketing, technology, and public policy.

Industry Expertise. The GON Committee ensures that a number of directors possess aerospace and/or defense industry, as well as technology, expertise. This broad industry expertise allows the Board to assess Company performance and provide strategic guidance with respect to each of our principal businesses.

Diversity. The Board seeks diversity of background, experience, skills, and perspectives among its members. Further, the GON Committee reviews how effectively it balances these considerations when it assesses the overall composition of the Board.

Outside Board Memberships. Directors are expected to ensure that other commitments, including outside board memberships, do not interfere with their duties and responsibilities as members of the Board. Consequently, directors may not serve on more than four public company boards in addition to Boeing (two if a public company CEO).

Independence. In addition to any regulatory limitations with respect to independence, the GON Committee also considers other positions the director holds or has held, and evaluates each nominee with respect to Boeing's publicly-disclosed Director Independence Standards, as well as with respect to any potential conflicts of interest.

Professional Reputation. As set forth in our Corporate Governance Principles, our directors are expected to have a reputation for personal and professional integrity, honesty, and adherence to the highest ethical standards.

Length of Service. The Board believes that regular refreshment of the Board is critical for us to gain fresh perspectives and maintain our position as a global leader in aerospace. At the same time, with decades-long product cycles and lengthy development periods, Boeing also benefits from directors with extensive Boeing experience. As a result, the GON Committee focuses on maintaining a balance between directors of short, medium, and long tenure. In addition, no director may serve if he or she would be 74 years of age or older at the time of election.

Regulatory Compliance. All director nominees must satisfy regulatory requirements for Board service, including those with respect to any committee on which such director would be asked to serve.

Prior Contributions to the Board. When evaluating the candidacy of an incumbent director, the Board also considers the director's ongoing contributions to the Board. This evaluation includes consideration of the results of both formal and informal assessments provided by fellow directors.

Director Independence

Board Independence

Our Corporate Governance Principles require that at least 75% of the Board satisfy the New York Stock Exchange, or NYSE, criteria for independence. In order for a director to be considered independent, the Board must determine, after consideration of all relevant facts and circumstances, that he or she has no material relationship with us other than as a director, either directly or as a partner, shareholder, or executive officer of another entity that has a relationship with Boeing. In addition, the Board has adopted Director Independence Standards to assist the Board in its assessment of director independence. These standards are designed to supplement the requirements of the NYSE listing standards. If a director or nominee has a relationship with Boeing that is not addressed in the Director Independence Standards, the members of the Board who have already been determined to be independent shall consider all relevant facts and circumstances and determine whether the relationship is material.

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The Board has reviewed all direct and indirect relationships between Boeing and each of our directors, and has determined that all of our director nominees, other than Mr. Muilenburg, are independent. Accordingly, independent directors constitute more than 92% of our current Board. W. James McNerney, Jr., who served as Chairman of the Board until March 1, 2016, was not independent due to his service as our Chief Executive Officer until June 30, 2015. In January 2009, Nortel Networks Corporation, for which Mr. Zafirovski served until August 2009 as Director, President and Chief Executive Officer, and subsidiary companies filed for bankruptcy. The Board has concluded that these events do not impair Mr. Zafirovski's ability to continue to serve as an independent director.

Committee Independence

The Corporate Governance Principles require that all members of the Audit, GON, and Compensation Committees be independent, both under the Director Independence Standards and pursuant to any regulatory requirements. The Board has determined that all members of these committees satisfy all applicable independence requirements.

Leadership Structure

The GON Committee annually evaluates and makes recommendations to the Board concerning the Board's leadership structure, including whether the roles of Chairman and CEO should be separated or combined. The Board, in accordance with our By-Laws, elects a chairman from among the directors. The Board believes that it is in the best interests of the Company and its shareholders for the Board to determine which director is best qualified to serve as Chairman in light of the circumstances at the time, rather than based on a fixed policy. In the event that the Chairman is not an independent director, an independent Lead Director must be elected on an annual basis by a majority of the independent directors upon a recommendation of the GON Committee.

The formal duties of the independent Lead Director are as follows:

approving Board meeting agendas;

in consultation with the Chairman and the nonemployee directors, approving Board meeting schedules to ensure there is sufficient time for discussion of all agenda items;

approving the type of information to be provided to directors for Board meetings;

presiding at all meetings at which the Chairman is not present, including executive sessions of the nonemployee directors (which are held after every Board meeting), and apprising the Chairman of the issues considered;

serving as liaison between the Chairman and the independent directors;

being available for consultation and direct communication with the Company's shareholders;

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calling meetings of the nonemployee directors when necessary and appropriate; and

performing such other duties as the Board may from time to time designate.

Mr. Kenneth Duberstein, our current independent Lead Director, performs the following additional duties:

speaks with the CEO before and after each stated meeting of the Board to review presentation materials, address matters discussed during executive sessions of the Board's independent directors, and/or discuss important strategic matters;

ensures that the Board's governance policies are responsive to shareholder concerns, including with respect to matters such as proxy access, succession planning, and limits on outside Board memberships for directors;

meets regularly with members of senior management other than the CEO; and

oversees the Board's self-evaluation process in his capacity as GON Committee Chair.

Finally, the independent Lead Director also is responsible for performing such other duties as the other independent directors may request whether related to succession planning leadership (with respect to CEO succession and developing second- and third-level leaders), regularly scheduled meetings with the CEO, risk oversight, meeting with investors, or long-term enterprise strategy.

In February 2016, the Board first elected Mr. Dennis Muilenburg, our President and Chief Executive Officer, to serve as Chairman of the Board. Mr. Muilenburg has extensive knowledge of, and decades-long experience at, Boeing, knowledge of and unrivaled experience in the aerospace industry, exceptional leadership abilities, and unquestioned integrity.

Our 12 independent directors, with their vast senior leadership experience and technology, manufacturing, and aerospace expertise individually and collectively provide demonstrated, strong, and responsible oversight of the management of Boeing.

Mr. Duberstein, our independent Lead Director elected annually by the other independent directors brings to the Board extensive experience at the highest levels of both government and business and similarly continues to provide proven independent and active leadership to the Company.

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Based upon the combination of Mr. Muilenburg’s knowledge, experience, leadership, and integrity; the strength, independence, experience, and integrity of the other 12 directors on the Board; and our Lead Director’s demonstrated independent leadership, the Board has determined that Boeing’s shareholders are best served at this time by having Mr. Muilenburg serve as Chairman.

Board Committees

The Board has five standing committees. Each committee operates under a charter that has been approved by the Board, and the Chair of each committee reports to the Board on actions taken at each committee meeting. The Board also has established a Stock Plan Committee, to which the Compensation Committee has delegated the authority to approve certain limited stock issuances to employees other than executive officers. The table below sets forth the current membership of each of the standing committees, the independence of each director, and the number of meetings each committee held in 2016.

	Independent	Audit Committee	Compensation Committee	Finance Committee	Governance, Organization and Nominating Committee	Special Programs Committee
Number of Meetings in 2016		11	7	6	6	0
Robert A. Bradway						
David L. Calhoun						
Arthur D. Collins, Jr.						
Kenneth M. Duberstein						
Edmund P. Giambastiani, Jr.						
Lynn J. Good						
Lawrence W. Kellner						
Edward M. Liddy						

Dennis A. Muilenburg

Susan C. Schwab

Randall L. Stephenson

Ronald A. Williams

Mike S. Zafirovski

Lead Director

Chair

Audit Committee Financial Expert

Member

Audit Committee

The Audit Committee oversees our independent auditor and accounting and internal control matters. Its principal responsibilities include oversight of:

the integrity of our financial statements;

our compliance with legal and regulatory requirements;

our independent auditor's qualifications and independence;

the performance of our internal audit function;

the performance of our independent auditor; and

our risk assessment and risk management processes.

At each meeting, representatives of Deloitte & Touche LLP, our independent registered public accounting firm, are present to review accounting, control, auditing, and financial reporting matters. In addition, during certain meetings, the

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Audit Committee meets in executive session with our Chief Financial Officer, General Counsel, Senior Vice President, Office of Internal Governance and Administration, Vice President, Corporate Audit, and representatives of Deloitte & Touche LLP. The Audit Committee also oversees key risks on behalf of the Board; those particular responsibilities are set forth under **Risk Oversight** on page 16. The Audit Committee also prepares the Audit Committee Report included on page 51. The Audit Committee is composed entirely of directors who satisfy NYSE director independence standards and our Director Independence Standards, as well as additional independence standards applicable to audit committee members established pursuant to applicable law. The Board has determined that each Audit Committee member is financially literate as defined by NYSE listing standards, and that Ms. Good and Messrs. Bradway, Kellner, Liddy, and Stephenson are audit committee financial experts as defined by the rules of the Securities and Exchange Commission, or SEC.

Compensation Committee

The Compensation Committee oversees our executive and equity compensation programs. The Compensation Committee is composed entirely of directors who satisfy NYSE director independence standards and our Director Independence Standards, as well as additional independence standards applicable to compensation committee members established pursuant to applicable law. Additional information about the Compensation Committee, including a more detailed list of its principal responsibilities, is set forth under **Compensation Discussion and Analysis**, which begins on page 25. In addition, certain of the Compensation Committee's risk oversight responsibilities are set forth under **Risk Oversight** on page 16.

Finance Committee

The Finance Committee's principal responsibilities include reviewing and, where appropriate, making recommendations to the Board with respect to:

proposed dividend actions, stock splits, and repurchases, and issuances of debt or equity securities;

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

customer financing activities;

our funding plans and funding plans of our subsidiaries;

our significant financial exposures, contingent liabilities, and major insurance programs;

our credit agreements and short-term investment policies; and

employee benefit plan trust investment policies, administration, and performance.

In addition, the Finance Committee has key risk oversight responsibilities that are described under **Risk Oversight** on page 16. The Finance Committee is composed entirely of directors who satisfy NYSE director independence standards and our Director Independence Standards.

Governance, Organization and Nominating Committee

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The GON Committee's principal responsibilities include:

making recommendations to the Board concerning the organization, leadership structure, size, and composition of the Board, as well as the compensation and benefits of nonemployee directors;

identifying and recommending to the Board candidates who are qualified to become directors under the criteria set forth in our Corporate Governance Principles;

assessing the independence of directors on an annual basis and making recommendations to the Board with respect to such assessments;

pre-approving, and monitoring on an ongoing basis, directors' service on the boards of other for-profit companies;

overseeing the annual performance evaluation process for the Board;

senior management succession planning, including recommending to the Board nominees for CEO and other senior leadership roles;

monitoring and reviewing the performance of our CEO;

monitoring compliance with stock ownership requirements for directors;

considering possible conflicts of interest of directors and officers; and

reviewing corporate governance developments and, where appropriate, making recommendations to the Board on corporate governance, including any revisions to our Corporate Governance Principles.

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CORPORATE GOVERNANCE

The GON Committee also oversees key risks on behalf of the Board, which are set forth below under Risk Oversight. The GON Committee works with a third-party search firm to identify potential candidates to serve on the Board. The GON Committee is composed entirely of directors who satisfy NYSE director independence standards and our Director Independence Standards.

Special Programs Committee

The Special Programs Committee reviews on a periodic basis our programs that the U.S. government has designated as classified for purposes of national security.

Risk Oversight

Senior management is responsible for day-to-day management of strategic, operational, and compliance risks we face, including the creation of appropriate risk management policies and procedures. The Board is responsible for overseeing management in the execution of its risk management responsibilities and for assessing the Company's approach to risk management. The Board regularly assesses significant risks to the Company in the course of reviews of corporate strategy and our long-range business plan, including significant new development programs.

As part of its responsibilities, the Board and its standing committees also regularly review material strategic, operational, financial, compensation, and compliance risks with senior management. Examples of risk oversight activities conducted by the Board's Committees, subject to Committee report-outs and full discussion at the Board level, are set forth below.

Audit Committee Risk Oversight

Evaluate overall risk assessment and risk management practices;

Perform central oversight role with respect to financial statement, disclosure, and compliance risks;

Receive regular reports from our Senior Vice President, Office of Internal Governance and Administration with respect to compliance with our ethics and risk management policies;

Meet in executive session after every committee meeting with Deloitte & Touche LLP, our outside auditors, as well as periodically with our Vice President, Corporate Audit, our Senior Vice President, Office of Internal Governance and Administration, and our Executive Vice President and General Counsel to discuss financial and/or compliance risks, and report any findings to the Board; and

Oversee the Board's oversight of cybersecurity risk.

GON Committee Risk Oversight

Oversee risks related to the Company's corporate governance, including overseeing management's shareholder outreach efforts on governance-related matters and ensuring the Board's continued ability to provide independent oversight of management.

Finance Committee Risk Oversight

Evaluate risk related to Boeing's capital structure, significant financial exposures, major insurance programs, and our employee pension plan policies and performance and regularly evaluates financial risks associated with such programs.

Compensation Committee Risk Oversight

Evaluate risk in connection with the design and oversight of compensation programs, in consultation with Committee's independent compensation consultant.

For more information on oversight of risks related to our compensation practices, see [Compensation and Risk](#) on page 39.

Additional information about the Board's responsibilities related to the management of risk is set forth in our [Corporate Governance Principles](#).

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Shareholder Outreach

Boeing has long believed that the continued delivery of sustainable, long-term value to our shareholders requires regular dialogue with our shareholders. During 2016, we discussed governance, executive compensation, and many other issues with shareholders representing more than 40% of our outstanding shares. We believe that these meetings ensure that management and the Board are aware of our shareholders' priorities and equipped to address them effectively. The Board considers feedback from these conversations during its deliberations, and we regularly review and adjust our corporate governance structure and/or executive compensation policies and practices in response to comments from our shareholders.

For example, discussions with our shareholders played a significant role in our adoption of a proxy access by-law in 2015. Our shareholders expressed a wide range of views on this topic, but most expressed support for a by-law with a maximum shareholder group of 20 and for up to 20% of available Board seats, with significant flexibility regarding other terms. Accordingly, we adopted a by-law allowing a shareholder, or a group of up to 20 shareholders, that has owned at least 3% of our outstanding common stock for at least three years to nominate and include in the Company's annual meeting proxy materials directors constituting the greater of two individuals and 20% of the Board. Feedback from shareholders in 2016 was also incorporated in Board discussions on a variety of other topics, including approach to shareholder proposals, executive compensation, and board refreshment.

Environmental Stewardship and Corporate Citizenship

Boeing's commitment to innovation means more than just game-changing aerospace products and services. We extend that commitment to how we take care of the environment and engage with the communities in which we operate. Boeing believes that taking care of the environment is crucial to our aerospace and technology leadership. Boeing employees are actively working on many fronts to improve the environmental performance of our products and services as well as our operations. For additional information, including a link to our 2016 Environment Report, visit www.boeing.com/principles/environment.

In addition, through purposeful investments, employee engagement, and thoughtful advocacy efforts, Boeing and its employees support innovative partnerships and programs that align with our strategic objectives, create value, and help build better communities worldwide. This includes improving access to globally competitive learning as well as workforce and skills development, sustaining the environment, and supporting our military and veteran communities. For additional information, including a link to our report on corporate citizenship, visit www.boeing.com/principles/community-engagement.page.

Meeting Attendance

During 2016, the Board held seven meetings. Each director nominee attended at least 86% of the meetings of the Board and the committees on which he or she served during 2016, and average attendance at these meetings exceeded 98%. Absent extenuating circumstances, directors are required to attend our annual meetings of shareholders, and all but one director attended our 2016 Annual Meeting.

Communication with the Board

The Board of Directors has established a process whereby shareholders and other interested parties can send communications to our independent Lead Director, to the nonemployee directors as a group or to the Audit Committee. This process is described at www.boeing.com/company/general-info/corporate-governance.page.

Codes of Conduct

The Board expects directors, officers and employees to act ethically, including by adhering to all applicable codes of conduct, at all times. Shareholders may view Boeing's codes of conduct at www.boeing.com/company/general-info/corporate-governance.page. Waivers with respect to these codes for directors and officers may be granted only by the Board, and any such waiver will be promptly disclosed on our website. No waivers were requested during 2016. Directors are required to promptly inform the Chairman of the Board or the Chair of the GON Committee of any actual or potential conflicts of interest and to recuse themselves from any discussion or decision affecting their personal, business or professional interests.

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Compensation of Directors

We have designed our nonemployee director compensation program to achieve the following objectives:

align directors' interests with the long-term interests of our shareholders;

attract and retain outstanding director candidates with diverse backgrounds and experiences; and

recognize the substantial time commitment required to serve as a Boeing director.

The GON Committee reviews Boeing's director compensation program on an annual basis. When making its recommendations, the GON Committee considers director compensation levels at the peer companies we use for purposes of executive compensation benchmarking. See [Benchmarking Against Our Peer Group](#) on page 36 for more information. Compensation Advisory Partners LLC, or CAP, serves as the GON Committee's independent consultant with respect to the compensation of our directors. Independent directors may not receive, directly or indirectly, any consulting, advisory or other compensatory fees from us.

Our nonemployee director compensation program consists of cash (board, committee chair, and lead director retainer fees) and retainer stock units. In addition, we match director contributions to eligible non-profit organizations or educational institutions, up to a maximum of \$31,000 per year. We also reimburse directors for travel and other out-of-pocket expenses incurred in connection with their services, if any. Directors who are Boeing employees do not participate in the nonemployee director compensation program.

2016 Director Compensation Table

The following table sets forth 2016 compensation for each nonemployee director and for W. James McNerney, Jr., our former CEO, who served as an employee director until March 1, 2016. Compensation for Mr. Muilenburg is set forth in the Summary Compensation Table on page 40.

Director	Fees Earned or Paid in Cash (\$)⁽⁸⁾	Stock Awards (\$)⁽⁹⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Robert A. Bradway ⁽¹⁾				30,000 ⁽¹¹⁾	30,000
David L. Calhoun	130,000	165,000		31,000 ⁽¹¹⁾	326,000
Arthur D. Collins, Jr. ⁽²⁾	150,000	165,000		31,000 ⁽¹¹⁾	346,000
Kenneth M. Duberstein ⁽³⁾	175,000	165,000		31,000 ⁽¹¹⁾	371,000
Edmund P. Giambastiani, Jr.	130,000	165,000		6,800 ⁽¹¹⁾	301,800
Lynn J. Good	130,000	165,000		30,000 ⁽¹¹⁾	325,000
Lawrence W. Kellner ⁽⁴⁾	145,000	165,000		31,000 ⁽¹¹⁾	341,000
Edward M. Liddy ⁽⁵⁾	155,000	165,000			320,000
W. James McNerney, Jr. ⁽⁶⁾	525,000		6,926,502 ⁽¹⁰⁾	704,160 ⁽¹²⁾	8,155,662
Susan C. Schwab	130,000	165,000		22,000 ⁽¹¹⁾	317,000

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Randall L. Stephenson ⁽⁷⁾	113,128	143,586	25,000 ⁽¹¹⁾	281,714
Ronald A. Williams	130,000	165,000	31,000 ⁽¹¹⁾	326,000
Mike S. Zafirovski	130,000	165,000	31,000 ⁽¹¹⁾	326,000

- (1) Mr. Bradway joined the Board on October 14, 2016, after the payment date for the fourth quarter 2016 installment of retainer fees and retainer stock units.
- (2) Compensation Committee Chair.
- (3) Lead Director; GON Committee Chair.
- (4) Finance Committee Chair.
- (5) Audit Committee Chair.
- (6) Mr. McNerney served as Chairman of the Board until March 1, 2016, and was compensated as an employee director in accordance with the transition and retirement agreement, dated June 22, 2015.
- (7) Mr. Stephenson joined the Board on February 17, 2016.
- (8) Reflects total cash compensation paid in 2016 and includes amounts deferred at the director's election pursuant to our Deferred Compensation Plan for Directors. Cash compensation for nonemployee directors is paid in four quarterly installments as of the first business day of each quarter and is pro-rated for directors who join the Board during a quarter. For Mr. McNerney, the amount represents base salary paid in 2016 and cash paid in lieu of accrued vacation pursuant to his transition and retirement agreement.

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- (9) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for the retainer stock units awarded to each nonemployee director in 2016. Retainer stock units are awarded in four quarterly installments as of the first business day of each quarter and are pro-rated for directors who join the Board during a quarter. The grant date fair value for these awards is equal to the Fair Market Value of the underlying Boeing stock on the grant date. The Fair Market Value for a single trading day is the average 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. The following table sets forth the aggregate number of deferred stock units accumulated in each director's account as of December 31, 2016 from deferrals of cash compensation and retainer stock units, including additional deferred stock units credited as a result of dividend equivalents earned with respect to the deferred stock units. Amount for Mr. McNerney reflects deferrals made during his service as a nonemployee director from 2001 to 2005.

Director	Accumulated Deferred Stock Units (#)
Robert A. Bradway	
David L. Calhoun	20,446
Arthur D. Collins, Jr.	36,368
Kenneth M. Duberstein	54,966
Edmund P. Giambastiani, Jr.	13,114
Lynn J. Good	1,789
Lawrence W. Kellner	8,221
Edward M. Liddy	19,014
W. James McNerney, Jr.	15,311
Susan C. Schwab	12,052
Randall L. Stephenson	2,028
Ronald A. Williams	13,245
Mike S. Zafirovski	43,385

- (10) Consists of (a) \$357,800 paid pursuant to our annual incentive plan and (b) \$6,568,702 of performance awards pursuant to our long-term incentive program while Mr. McNerney served as CEO and payable in respect of the three-year performance period that ended in 2016.
- (11) Consists of gift matching of charitable contributions under the Board Member Leadership Gift Match Program. Directors derive no financial benefit from these charitable contributions.
- (12) Consists of \$31,000 of gift matching of charitable contributions, \$1,494 in premiums paid by us for term life insurance for Mr. McNerney's benefit, \$353,578 in Company contributions under our retirement plans, and \$318,088 for perquisites and other personal benefits. Perquisites and personal benefits consisted of use of Company aircraft for personal travel or to attend outside board meetings, personal use of ground transportation, tax preparation and planning services, annual physical, home security expenses, use of office, assistant, and computing equipment, and retirement gifts. We determine the incremental cost to us for these benefits based on the actual costs or charges incurred by us for the benefits. The cost of any personal benefit for Mr. McNerney did not exceed the greater of \$25,000 or 10% of total perquisites and personal benefits, except as follows: \$122,463 for use of Company aircraft, and \$179,627 for office support. See footnote (6)(a) to the Summary Compensation Table on page 41 for information on the calculation of the incremental cost.

Cash Retainers

In 2016, nonemployee directors received an annual cash retainer fee of \$130,000. We also pay the following additional annual cash retainer fees to directors serving in leadership positions: Lead Director \$30,000, Audit Committee Chair \$25,000, Compensation Committee Chair \$20,000 and GON and Finance Committee Chairs \$15,000. We do not pay additional fees for attending Board or committee meetings. Based on analysis of director compensation trends among our peer group companies by CAP, the GON Committee recommended and the Board approved, effective January 1, 2017, an increase in the annual cash retainer fee to \$135,000, and an increase in the GON Committee Chair annual cash retainer fee to \$20,000, in each case to more closely align cash compensation with that of our peer group.

Our Deferred Compensation Plan for Directors gives nonemployee directors the opportunity to defer all or part of their cash compensation into an interest-bearing, cash-based account or a stock unit account as deferred stock units. Directors do not have the right to vote or transfer deferred stock units. Deferred stock units earn dividend equivalents, which are credited as additional deferred stock units, and will be distributed as shares of Boeing stock. Directors may elect to receive the distribution in a lump sum or in annual payments over a maximum of 15 years beginning no earlier than the January following the year of the director's termination of Board service. Directors elected to defer 2016 cash compensation into deferred stock units as follows: \$130,000 and 986 units each for Messrs. Calhoun, Williams and Zafirovski; Mr. Collins, \$150,000 for 1,138 units; and Mr. Stephenson, \$113,128 for 879 units. Ambassador Schwab elected to defer \$130,000 of her 2016 cash compensation into an interest-bearing, cash-based account.

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Retainer Stock Units

In 2016, our nonemployee directors received equity compensation valued at \$165,000 per year in the form of retainer stock units, which are distributed as shares of Boeing stock after termination of Board service. The Board believes that retainer stock units further align directors interests with the long-term interests of our shareholders. Each nonemployee director received an aggregate of 1,252 retainer stock units during 2016, except for (1) Mr. Bradway, who was not awarded retainer stock units because he joined the Board after the award date for the fourth quarter 2016; and (2) Mr. Stephenson, who was awarded 1,115 retainer stock units representing units earned for service during 2016. Directors do not have the right to vote or transfer retainer stock units. Retainer stock units earn dividend equivalents, which are credited as additional retainer stock units. Directors may elect to receive the distribution of shares in respect of these units in a lump sum or in annual payments over a maximum of 15 years beginning no earlier than the January following the year of the director's termination of Board service. Based on CAP's analysis of director compensation trends among our peer group companies, the GON Committee recommended and the Board approved an increase in the value of retainer stock units, effective January 1, 2017, to \$180,000 per year to more closely align nonemployee director equity compensation with that of our peer group.

Director Stock Ownership Requirements

In order to further align the interests of directors with the long-term interests of our shareholders, our Corporate Governance Principles require that, by the end of his or her third and sixth year as a director, each nonemployee director should own stock or stock equivalents with a value equal to three and five times, respectively, the annual cash retainer fee. The GON Committee annually reviews nonemployee directors ownership relative to the stock ownership requirements, and makes recommendations as appropriate. Each director currently exceeds his or her applicable stock ownership requirement.

Compensation Consultants

The Compensation Committee and GON Committee have engaged CAP to serve as their independent compensation consultant. In this capacity, CAP provides peer group pay practices and other relevant benchmarks with respect to chief executive officer and nonemployee director compensation to the Compensation Committee and the GON Committee, respectively, as well as an ongoing overview of regulatory developments and compensation trends. In addition, CAP advises the Compensation Committee concerning management's compensation data and recommendations. CAP takes direction from the Compensation and GON Committees, as appropriate, reports directly to the committees, and does not provide any other services to Boeing. See discussion on page 35 under Governance of Pay-Setting Process Role of Board, Management and Consultants. The Compensation Committee has assessed the independence of CAP pursuant to SEC and NYSE rules and determined that no conflict of interest exists that would prevent CAP from independently representing the Compensation and GON Committees. In making this assessment, the Compensation Committee considered each of the factors set forth by the SEC and the NYSE with respect to the compensation consultant's independence, including that CAP provides no services for Boeing other than pursuant to its engagement by the Compensation and GON Committees. The Compensation Committee also determined that there were no other factors that the Committee should consider in connection with the assessment or that were otherwise relevant to the Committee's engagement of CAP.

Related-Person Transactions

Some of our directors, executive officers, greater than 5% shareholders and their immediate family members may be directors, officers, partners, employees or shareholders of entities with which we do business in the ordinary course. We carry out transactions with these firms on customary terms, and, in many instances, our directors and executive officers may not have knowledge of them.

Policies and Procedures

We regularly review transactions with related persons, including sales, purchases, transfers of realty and personal property, services received or furnished, use of property and equipment by lease or otherwise, borrowings and lendings, guarantees, filings of consolidated tax returns and employment arrangements. Under our policies and procedures, related persons include our executive officers, directors, director nominees and holders of more than 5% of our stock, as well as their immediate family members. Any findings are furnished to the Vice President, Accounting and Financial Reporting, who reviews potential related-person transactions for materiality and evaluates the need for disclosure under SEC rules.

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In addition, the GON Committee assesses possible conflicts of interest of directors and executive officers, and considers for review and approval or ratification any transaction or proposed transaction required to be disclosed under SEC rules in which Boeing is or is to be a participant and the amount involved exceeds \$120,000, and in which a director, director nominee, executive officer, or an immediate family member of such persons has or will have an interest.

Executive officers are also subject to our policies and procedures applicable to all employees, which require them to disclose potential conflicts of interest and us to conduct reviews and make determinations with respect to specified transactions. Our Vice President, Ethics and Business Conduct, oversees these reviews and determinations, and refers to the GON Committee for review and approval or ratification possible conflicts of interest involving executive officers. The factors considered in making the determination include the executive officer's duties and responsibilities for us and, if the transaction includes another company, (1) the company or business involved in the transaction, including the product lines and market of the company or business, (2) the relationship between us and the other company or business, if any (for example, if the other company is one of our suppliers, customers or competitors), and (3) the relationship between the executive officer or his or her immediate family and the other company or business (for example, owner, co-owner, employee or representative).

Directors are required to disclose to the Chairman of the Board or the Chair of the GON Committee any situation that involves, or may reasonably be expected to involve, a conflict of interest with us, including:

engaging in any conduct or activities that would impair our relationship with any person or entity with which we have proposed or propose to enter into a business or contractual relationship;

accepting compensation from us other than compensation associated with his or her activities as a nonemployee director unless such compensation is approved in advance by the Chair of the GON Committee;

receiving improper gifts from persons or entities that deal with us; and

using our assets, labor or information for personal use except as outlined in our policies and procedures or unless approved by the Chair of the GON Committee or as part of a compensation or expense reimbursement program available to all directors.

Directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests. Finally, pursuant to our Corporate Governance Principles, we may not, directly or indirectly, extend or maintain credit or arrange for or renew an extension of credit in the form of a personal loan to or for any director or executive officer.

Certain Transactions

The following transactions were reviewed and considered in light of the policies and procedures discussed above:

BlackRock, Inc., or BlackRock, is a beneficial holder of more than 5% of our outstanding common stock according to a Schedule 13G filed by BlackRock with the SEC on January 30, 2017. BlackRock provided investment management services and analytics to the Retirement Plans Trust and the Savings Plans Trust, and received approximately \$10.9 million for such services in 2016. In addition, BlackRock managed mutual fund assets for subsidiary retirement plans and received approximately \$71,000 for such services in 2016.

Capital World Investors, or Capital World, which collectively includes Capital Research and Management, American Funds, and Capital International, among other business units, is a beneficial holder of more than 5% of our outstanding common stock according to Amendment No. 8 to a Schedule 13G filed by Capital World with the SEC on February 13, 2017. Capital World provided investment management services to the Retirement Plans Trust and received approximately \$2.5 million for such services in 2016. Additionally, Capital World managed mutual fund assets for subsidiary retirement plans and received fees of approximately \$0.1 million for such services in 2016.

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Evercore Trust Company, N.A., or Evercore, is a beneficial holder of more than 5% of our outstanding common stock according to Amendment No. 10 to a Schedule 13G filed by Evercore with the SEC on February 13, 2017. Evercore is the investment manager for shares of our common stock held by the Savings Plans Trust and is entitled to an annual fee based on the market value of our common stock in the Savings Plans Trust. In 2016, these fees totaled approximately \$1.0 million.

State Street Bank and Trust Company, or State Street, is a beneficial holder of more than 5% of our outstanding common stock according to a Schedule 13G filed by State Street Corporation with the SEC on February 14, 2017. State Street is the trustee of the Savings Plans Trust. During 2016, the Savings Plans Trust paid State Street approximately \$4.0 million for its services as trustee of the Savings Plans Trust and for services relating to the Savings Plans Trust's custody accounts held at State Street containing cash and investable securities. In addition, State Street Global Advisors and State Street Global Markets, divisions of State Street, acted as investment managers for various investment fund options within the Savings Plans Trust, and received approximately \$3.1 million in fees for such services in 2016. State Street also provides benefits administration services on behalf of certain of the Retirement Plans Trust and received approximately \$2.5 million in fees for such services in 2016.

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CORPORATE GOVERNANCE

The Vanguard Group, or Vanguard, is a beneficial holder of more than 5% of our outstanding common stock according to Amendment No. 2 to a Schedule 13G filed by Vanguard with the SEC on February 10, 2017. Vanguard received an aggregate of approximately \$143,000 for management fees in 2016 from certain of our subsidiary retirement plans and a trust that funds a portion of our health and welfare plans.

From time to time, we may enter into customary relationships and/or purchase services in the ordinary course of business from one or more of the financial institutions named above and/or their respective affiliates.

Steven Caret has been employed by us since 2004, and is the husband of Leanne Caret, who became an executive officer in 2016. His compensation, which was approximately \$148,000 in 2016, has been established in accordance with our employment and compensation practices applicable to employees with equivalent qualifications, experience and responsibilities. He is also eligible to participate in our employee benefit programs on the same basis as other eligible employees.

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APPROVE, ON AN ADVISORY BASIS, NAMED EXECUTIVE OFFICER COMPENSATION (ITEM 2)

PROPOSAL SUMMARY

Shareholders are being asked to approve, on an advisory basis, the compensation of the named executive officers as set forth under the heading Compensation Discussion and Analysis.

The Board recommends that you vote FOR the resolution approving named executive officer compensation.

We have designed our executive compensation program to attract and retain superior leaders, reward performance, and align our executives interests with the long-term interests of our shareholders. Our Compensation Discussion and Analysis describes in detail our executive compensation program, highlights of which include the following:

Pay for Performance

3-year total shareholder return of 44%, reflecting strong performance;

annual and long-term incentive metrics that align with our business strategy, focus our executives on the balanced objectives of increasing revenues, reducing costs, and effectively managing net assets, as well as total shareholder return as compared to group of peer companies;

approximately 89% of our CEO's 2016 target compensation was variable;

capped payouts and other protections to avoid excessive risk;

no guaranteed bonuses;

Alignment with Shareholder Interests

25% of our named executive officers' target long-term incentive compensation is tied to Boeing's total shareholder return as compared to a group of peer companies;

forfeiture of unearned portion of all annual and long-term incentive program awards upon termination or retirement;

rigorous stock ownership requirements, including 6x base salary for our CEO, ensuring that our senior executives maintain a significant stake in our long-term success;

no accelerated vesting of equity awards in connection with a change in control;

no employment or change-in-control agreements;

no pledging or hedging of Boeing stock;

stock holding requirements for executive officers;

Responsible Pay Practices

robust clawback policy that permits recoupment of incentive compensation in certain cases of misconduct even absent a financial restatement;

no tax gross-ups to our executives other than for relocation expenses; and

no repricing or buybacks of stock options.

We believe that our executive compensation program plays a key role in driving Boeing's long-term performance, as evidenced by Boeing's recent strong financial and operating results. In future years, we expect to continue to reward executives who deliver strong results by tying compensation to demonstrated individual and Company performance as well as total shareholder return.

In 2016, our shareholders approved the compensation of our named executive officers with a FOR vote of 93%. This year, we once again request your vote supporting the following nonbinding resolution:

RESOLVED: That the compensation paid to the named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE

FOR THIS PROPOSAL.

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APPROVE, ON AN ADVISORY BASIS, THE FREQUENCY OF FUTURE ADVISORY VOTES ON NAMED EXECUTIVE OFFICER COMPENSATION (ITEM 3)

PROPOSAL SUMMARY

Shareholders are being asked to recommend the frequency every one, two or three years with which to hold future advisory votes on the compensation of named executive officers.

The Board recommends that you vote to hold advisory votes on named executive officer compensation EVERY YEAR.

The Board seeks your recommendation on the frequency every one, two, or three years with which to hold future advisory votes on our executive compensation.

Our shareholders voted on a similar proposal in 2011, with the highest number of votes cast to hold future advisory votes on named executive officer compensation every year. Based on recent feedback from our largest shareholders and the Board's experience with prior advisory votes on executive compensation, the Board recommends that you vote for holding the advisory vote on executive compensation every year.

This vote is non-binding. However, the Board and the Compensation Committee will consider the outcome of this vote in connection with decisions concerning the frequency with which to hold advisory votes on executive compensation. Consistent with applicable law, you will have the opportunity to recommend the frequency of future advisory votes on executive compensation at least every six years.

You may vote for every one, two or three years, or may abstain from voting on the following resolution:

RESOLVED: That the option of every year, two years or three years that receives the highest number of votes cast for this resolution will be the frequency with which the shareholders of The Boeing Company recommend by advisory vote that the Company hold an advisory vote on the compensation of our named executive officers.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE

FOR EVERY YEAR.

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COMPENSATION