

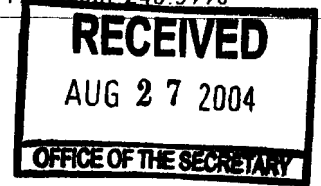


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William H. Donaldson
Chairman, Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Subject: **Experience with SEC standards on disclosure and transparency of corporate nominating committee functions.**

Dear Sir,

I am writing to share with you our experience in attempting to participate in the director nomination process as contemplated in the recently enacted rules on disclosure of boards' nominating processes. We believe our experience should be of some interest to the Commission as it considers further changes to the rules governing the treatment in management's proxy of shareholder nominated directors.

SPEEA and the IAM are two unions representing Boeing employees nationwide. Active employees and retirees invest heavily in Boeing shares through the 401(k) plan, and personal savings. The largest institutional investor in Boeing shares is SSGA, the administrator of the 401(k) plan. In recent filings, SSGA claims roughly 11% of Boeing's outstanding shares. Employees and retirees own additional shares through their personal savings.

Boeing's compliance with the new SEC disclosure rules

Boeing's by-laws document a process for shareholders to nominate candidates to the Board of Directors.¹ Evaluation criteria are listed in the company's Corporate Governance Principles.² The Charter of the Governance, Organization and Nominating Committee includes among the committee's responsibilities:

... (to) determine a desirable balance of expertise and diversity among Board members, identify individuals with the highest personal and

¹ Section 11.2 of Boeing By-laws, as amended November 18, 2003

² From the document: "This assessment includes issues of diversity, age, international expertise and skills such as understanding of manufacturing, finance, marketing, technology and public policy. The principal qualification for a director is the ability to act on behalf of all the shareholders."

professional integrity who are qualified to become Board members, and aid in attracting qualified candidates to the Board.”

Effect and practice

In January 2004, the two unions asked to meet with Boeing to discuss and understand the nomination process.³ Our stated intent was to propose a consensual candidate. For that purpose, direct communication would help us select one of the three potential candidates we had identified. The meeting was declined.⁴

Following the documented process, the two unions nominated Joseph Stiglitz, again asking to speak with the committee to seek common ground on the nomination.⁵ Professor Stiglitz is a highly qualified candidate, as a Nobel Prize winning economist, former Chairman of the President’s Council of Economic Advisors, and former Chief Economist at the World Bank. In addition, Professor Stiglitz has a strong professional interest in corporate governance. Boeing responded that the nomination was not proper, citing a delay in submitting the nominee’s consent.⁶ The rules they were citing applied to a shareholder nominated director, not a management nominated director. At the time we nominated Professor Stiglitz, none of the directors management sought to nominate had been made public.

In his response, Boeing chairman Lewis Platt expressed an intent to consider Professor Stiglitz’ nomination, adding, “You should understand that this consideration is unlikely to be done in the context of this year’s annual meeting.”

Since our purpose has been to agree on a consensual candidate, we felt a direct meeting was justified. Our treatment under the documented process has not acknowledged our intent, and seems to constrain our involvement artificially to a process written for challenges or hostile shareholder actions.

At the Annual Shareholder’s meeting on May 3, 2004, we renewed our request to meet with members of the nominating committee. After some delay, the meeting has been scheduled for August 25, 2004.

³ Letter dated January 21, 2004 from SPEEA and the IAM to Boeing Chairman Lewis Platt

⁴ Letter dated January 28, 2004 from James Johnson, Boeing Corporate Secretary

⁵ Letter dated February 2, 2004 to James Johnson

⁶ Letter dated February 6, 2004 from Lewis Platt

We came to Boeing representing a substantial block of employee-shareholders. During the period in question Boeing's governance was in some turmoil and there was a clear need for strong independent directors at our company. Our aim was to discuss with the board several candidates, each of whom was a potential independent director with outstanding qualifications. We looked to do so in the context of the Board's own process for nominating directors.

In response, Boeing looked for ways to avoid even talking with us about our possible nominees, with the result that even though we opened this dialogue five months before the annual meeting, we have not even begun a real discussion with the company today about next year's annual meeting.

We see considerable room for improvement in the treatment of shareholders with long-term interests and a willingness to contribute to good corporate governance.

We hope these comments are useful in evaluating the direction being taken regarding constructive shareholder activism. Please feel free to call or write if you have suggestions or questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "Charles Bofferding" with a stylized flourish at the end.

Charles Bofferding
Executive Director

SS/rjf