

**PRO-12****Issue Date**

October 16, 2008

## **Buying and Selling Securities - Insider Trading**

### **Purpose/Summary**

This procedure explains the prohibitions, based on federal securities law, against "insider trading" and establishes the enterprise-wide control structure to promote and monitor compliance with such law. This procedure applies to The Boeing Company and its subsidiaries and all employees including contingent labor, consultants and others acting for the company unless otherwise approved by the Vice President, Corporate Secretary and Assistant General Counsel.

### **Supersedes**

April 2, 2004

### **Applies To**

All Boeing

### **Maintained By**

Corporate Secretary

### **Authority Reference**

Policy [POL-2](#), "Ethical Business Conduct"

**Approved By**

Michael F. Lohr  
Vice President, Corporate Secretary and Assistant General Counsel

**Summary of Changes to the Title Page**

The Issue Date, Purpose/Summary, Supersedes date and Approved By have changed. In addition, this major revision reflects other changes and should be read in its entirety. These changes include: 1) A requirement that each Business Unit and Function assign a focal for insider trading compliance; 2) Establishment of monitoring criteria and reporting responsibilities for the focals; 3) Explanation of the penalties for noncompliance; and 4) Additional restrictions and requirements for employees.

**1. Definitions**

- A. "Business Units" are operating organizations as defined in [POL-1](#), "Delegation of Authority to Authorize Business Transactions and Agreements, and to Commit Company Resources."
- B. "Functions" are the Corporate functional areas as defined in [POL-1](#), "Delegation of Authority to Authorize Business Transactions and Agreements, and to Commit Company Resources."
- C. "Material" information is information that a reasonable investor would consider important in deciding to purchase, sell or hold a security. Any information that could reasonably be expected to affect the price of a security is likely to be considered material. Information that could be material about Boeing includes:
  - 1. The launch of a new aircraft development program.
  - 2. Earnings information, including revenue results, orders data, contracting activity or other revenue projections.
  - 3. News about major new contracts, orders, suppliers, customers or the loss thereof.
  - 4. Financial projections, forecasts or budgets.
  - 5. Mergers, joint ventures, acquisitions, dispositions, tender offers, acquisition or sale of a business segment or unit, or other significant changes in assets.
  - 6. Changes in senior management or other major personnel changes.

7. Major events regarding the Company's securities, including a change in dividend policy, the declaration of a stock split or an offering of additional securities.
8. Actual pending or threatened claims or litigation (or other events or developments that could lead to litigation) potentially creating significant legal exposure.
9. Significant performance developments on material programs.

Both positive and negative information can be material. The probability that an event will occur or not, affects whether it is material. Any questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

- D. "Nonpublic" information is information that is not available to the general public.
- E. "Risk Area Focals" are executives of the Business Units and Functions assigned responsibility in accordance with this Procedure for insider trading compliance and monitoring.
- F. "Trading" is the purchase or sale of stocks, bonds, debentures, options, or other marketable securities of any company. Trading also includes sales of stock that employees acquire through equity awards or by exercising employee stock options and other trades employees make pursuant to an investment direction under an employee benefit plan such as the Company's 401(k) plans. Questions as to what transactions are covered by these terms can be addressed to stockbrokers or the Corporate Secretary.

## **2. Requirements**

- A. No employee may trade in the stock or other securities of any firm at any time when the employee, as a result of Boeing employment or service, is aware of "material nonpublic" information about that firm. This restriction on "insider trading" is not limited to trading in Boeing stock or other securities. It includes trading in the securities of other firms, particularly those that are current or prospective customers or suppliers of Boeing, those with which Boeing may currently be negotiating and those party to potential corporate development transactions.
- B. In addition, employees may not communicate material nonpublic information learned or developed through Boeing employment or service to other persons ("tipping") who may misuse the information, and may not recommend that anyone purchase or sell any securities on the basis of such information. So long as material information is nonpublic, members

of the employee's immediate family and others who have received the information from the employee are not permitted to trade in the securities.

- C. After material nonpublic information learned or developed through Boeing employment or service has been publicly disclosed through a press release or other official announcement, employees should not trade in the securities until 24 hours following the announcement to allow the market to absorb the information.

### **3. Responsibilities**

- A. Every employee who is aware of material nonpublic information is responsible for ensuring that he or she does not violate federal or state securities laws or Boeing policy covering securities trading.
- B. Each Business Unit and Function shall assign an executive to be the Risk Area Focal for that Business Unit or Function. Each Business Unit and Function shall identify its assigned Risk Area Focal to the members of such Business Unit or Function in a manner reasonably designed to allow the members of such Business Unit or Function to readily determine the identity of such person. Each Risk Area Focal shall:
  - 1. Serve as a resource to his or her Business Unit or Function for any questions regarding compliance with this Procedure.
  - 2. Implement and oversee procedures to promote insider trading compliance in their designated Business Unit or Function.
  - 3. Define employee groups to receive specialized insider trading training and determine the frequency of this training consistent with the basic requirements of this Procedure.
  - 4. Establish processes to periodically monitor insider trading training in his or her Business Unit or Function.
  - 5. Be responsible for tracking acceptable compliance training completions and taking action as needed to ensure completion.
- C. The Corporate Secretary of The Boeing Company and the Risk Area Focals are responsible for providing guidance regarding this procedure.
- D. The Company's Vice President, Ethics and Business Conduct is responsible for conducting investigations into any alleged insider trading activity and potentially significant allegations shall be referred to the Law Department consistent with [PRO-6419](#).

**4. Penalties for Non-Compliance**

- A. Under federal securities laws, individuals who engage in insider trading or tipping can be liable for substantial criminal and civil penalties, including imprisonment for up to 20 years, criminal fines of up to \$5 million and civil penalties of up to three times the profits gained or losses avoided.
- B. Boeing as employer could also be liable for civil fines of up to the greater of (i) three times the profit gained or loss avoided and (ii) \$1.275 million, and criminal fines of up to \$25 million, as a consequence of an employee's insider trading or tipping, and individual controlling persons (directors, officers and supervisory personnel) could also be liable for the civil penalties as a result of such transactions.
- C. Failure to comply with this Procedure may also subject employees to company-imposed sanctions, including dismissal for cause, whether or not the failure to comply with this Procedure results in a violation of law.

**5. Additional Restrictions and Requirements**

- A. Trading in "puts" and "calls" (publicly traded options to sell or buy stock) and engaging in short sales are often perceived as involving insider trading. Therefore, Boeing strongly discourages employees from such trading with respect to Boeing securities.
- B. In addition, to avoid even the appearance of impropriety in transactions in Boeing stock, company officers and certain other designated employees must comply with the following restrictions:
  - 1. They must refrain entirely from trading in puts and calls in, and engaging in short sales of, Boeing stock.
  - 2. They are urged to trade in Boeing stock only during the period beginning on the third business day following the date of release of a quarterly or annual statement of sales and earnings and ending on the twelfth business day following such date, i.e., the twelve day "trading window."

The Corporate Secretary and the Risk Area Focals will designate and notify those employees who are subject to these additional restrictions.

- C. Executive officers of the company, in addition to complying with the restrictions for all officers described in paragraph 5.B, are not permitted to trade in Boeing stock unless they have pre-clearance for a specific trade from the Corporate Secretary. From time to time, such officers may also be advised that no trading will be permitted until further notice.

If, upon requesting pre-clearance, an officer is advised that Boeing stock may be traded, the officer may buy or sell the stock within two business days thereafter. If for any reason the trade is not completed within the two business days, pre-clearance must be obtained again before the stock may be traded.

If, upon requesting pre-clearance or otherwise, an officer is officially advised that Boeing stock may not be traded, the officer may not buy or sell any Boeing stock under any circumstance, and the officer may not inform anyone of the restriction. This trading restriction will apply until the officer receives subsequent pre-clearance to trade.

The Corporate Secretary will identify those persons who, as executive officers, are subject to this restriction.

- D. Employees covered by paragraph 5.C will not be subject to the pre-clearance procedure set forth in that paragraph, or the restrictions set forth in paragraph 5.B.2, for trades that are executed pursuant to a Rule 10b5-1 sales plan that is pre-cleared by the Corporate Secretary.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements. A Rule 10b5-1 plan must either specify (including by formula) the amount, pricing and timing of transactions in advance or delegate discretion on those matters to an independent third party. Once the plan is adopted, the employee must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade.

All Rule 10b5-1 plans must be pre-cleared in writing in advance by the Corporate Secretary. Rule 10b5-1 plans generally should be adopted during the period described in paragraph 5.B.2 and in any event may be adopted only when the employee is not aware of any material nonpublic information.

- E. Employees covered by paragraph 5.C may not purchase Boeing securities on margin, borrow against any account in which Boeing securities are held, or pledge Boeing securities as collateral for a loan, except that such employees may pledge Boeing securities as collateral for a loan (not including margin debt) if they can clearly demonstrate the financial capacity to repay the loan without resort to the pledged securities. Employees who wish to pledge Boeing securities as collateral for a loan must submit a request for pre-clearance to the Corporate Secretary at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.
- F. Certain forms of hedging or monetization transactions (such as zero-cost collars) are complex transactions that can present unique insider trading risks. Therefore, the Company strongly discourages employees covered

by paragraph 5.C from engaging in such transactions. Any such person wishing to enter into such an arrangement must first pre-clear the proposed transaction with the Corporate Secretary, and it is strongly recommended that such person consult with his or her broker/financial advisor and tax advisor. Any request for pre-clearance of a hedging or similar arrangement must be submitted to the Corporate Secretary at least two weeks prior to the proposed execution of documents evidencing the proposed transaction and must set forth a justification for the proposed transaction.

- G. Questions concerning any aspect of this procedure should be directed to the Corporate Secretary before any trading is initiated. For information regarding employee acquisition or holding of an investment interest with or in a supplier, customer, or competitor of Boeing, see Boeing Procedure [PRO-7](#), "Conflict of Interest."