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April 17, 2009

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F. Street, N.E.
Washington DC 20549-1090

Re: File Number S7-27-08, Roadmap for the Potential Use of Financial Statements Prepared in Accordance With International Financial Reporting Standards by U.S. Issuers

Dear Ms. Murphy:

The Boeing Company ("Boeing") would like to thank the Securities and Exchange Commission ("the Commission") for extending the comment period deadline and providing us this opportunity to share our views on the proposed rule, *Roadmap for the Potential Use of Financial Statements Prepared in Accordance With International Financial Reporting Standards by U.S. Issuers* ("the Roadmap").

While we support the concept of a single set of high-quality, globally accepted accounting standards, we believe that this objective can be substantially achieved through the completion of the Financial Accounting Standards Board ("FASB") and International Accounting Standards Board ("IASB") convergence projects. We have significant concerns with the Roadmap and therefore encourage the Commission to focus on convergence as a means to developing the highest quality globally accepted accounting standards at a lower cost and with less risk than the proposed mandatory conversion to International Financial Reporting Standards ("IFRS"). The remainder of this letter provides a detailed discussion of our concerns with the Roadmap.

Convergence versus Mandatory Conversion

We support the continued convergence of new and existing standards issued by the FASB and IASB rather than a mandatory conversion to IFRS. The convergence projects between the FASB and IASB focus on the creation of high-quality accounting standards that reduce the differences between U.S. GAAP and IFRS. Completion of these convergence projects will substantially achieve the same end result as a mandatory conversion to IFRS but with less risk and at a lower cost.

If U.S. companies are required to adopt IFRS, the FASB will lose control over accounting standard setting in the U.S., including the ability to create or modify guidance in a timely manner to respond to needs of U.S. constituents. Consequently, we are in favor of the FASB continuing its role as the U.S. accounting standard setter and working with the IASB to converge accounting standards. Continued involvement of the FASB ensures that the standard-setting process is reactive to the needs of U.S. constituents and considers the U.S. legal and regulatory environments.

We also have concerns about whether a transition to IFRS at this time will achieve the desired benefits of consistency and comparability of financial reporting. Having only been in broad application since 2005, IFRS is a relatively new body of literature and has not been tested to the same extent as U.S. GAAP. Because IFRS is very principles-based and provides little implementation or industry guidance, companies within the same industry may report transactions differently given the same set of facts. In addition, because many countries have adopted their own version of IFRS, it is uncertain whether mandatory U.S.



adoption of IFRS as promulgated by the IASB will achieve comparability of financial reporting on any global scale. Even within the U.S., the proposed Roadmap will cause comparability issues, as public companies may be mandated to move to IFRS while private companies will likely remain on U.S. GAAP.

If the Commission decides to proceed with mandatory conversion to IFRS for public companies, we believe that the FASB and IASB joint convergence projects should focus on issuing identical guidance in U.S. GAAP and IFRS and must be completed prior to any mandatory conversion. Elimination of differences between the two sets of standards would greatly reduce the complexity and costs of an IFRS conversion. We also believe both the FASB and IASB should impose a moratorium on adopting new accounting standards during the transition period. The implementation of IFRS will impose significant resource constraints on companies not withstanding the additional time and cost that would be incurred if new accounting standards must be implemented at the same time.

Unique Impacts of Mandatory Conversion to Government Contractors

Adoption of IFRS carries unique issues for the many U.S. companies that sell products and services to the U.S. Government. Government contractors must comply with certain cost accounting regulations, such as Cost Accounting Standards ("CAS") and Federal Acquisition Regulations ("FAR"). However, these cost accounting rules are not comprehensive sets of accounting rules, so U.S. GAAP is frequently used for both financial and cost accounting purposes. As a result of the intertwining of the cost accounting and financial accounting rules, our underlying cost accounting records are a mix based on cost accounting regulations and U.S. GAAP. In practice, we generally consolidate these underlying cost accounting records for financial reporting with minimal adjustments during the process to achieve compliance with U.S. GAAP. Adoption of IFRS would require that as a government contractor we develop and implement new accounting processes and modify systems to achieve simultaneous compliance with these multiple accounting regulations.

In evaluating the ramifications of adoption of IFRS for government contractors, the Commission should consider the areas of CAS and FAR currently relying on specific U.S. GAAP rules. These specific references to U.S. GAAP would need to be revised in CAS and FAR. However, since all U.S. companies would not be required to adopt IFRS, it is unclear how the CAS Board and the DAR Council--the bodies responsible for promulgation of these regulations--could achieve consistency for cost accounting for government contracts when revising their respective rules.

An additional consideration for the Commission is the several areas in which IFRS conflicts directly with the existing cost accounting regulations regarding the measurement and assignment of costs. These conflicts would effectively prevent us from adopting IFRS at a transactional level for use in cost accounting. As a result of the expansion of the number of differences between financial accounting and cost accounting, such as adjusting assets to fair value and capitalization of research and development costs, we would likely have to incur costs to modify our current accounting processes and computer systems to establish and maintain separate financial accounting and cost accounting records.

Adoption of IFRS is likely to have some impact on costs allocated and/or charged to government contracts, and because CAS prevents payment for increased costs in certain circumstances, the adoption of IFRS may result in reductions to our revenue and/or profit margin on government contracts. Therefore, we believe that the Commission should seriously consider this potential detriment and not move forward with mandatory adoption of IFRS unless measures are taken to prevent such a negative financial impact to government contractors.





As a result of the government procurement process, contracts are often bid using cost estimates several years into the future when performance on the contract will occur. Cost estimates are based on the accounting practices that will be in effect during the period. The Truth in Negotiations Act ("TINA") requires by law that the cost estimates used on bids are current, accurate, and complete, and there are serious consequences for violation. The Roadmap for adoption of IFRS as proposed by the Commission will create circumstances that promise to be challenging for contractors to comply with TINA. Long term contracts for government work with a performance period occurring in the post implementation IFRS years are being offered for bid even now, so with limited knowledge of the impacts of IFRS to our company we would be expected to incorporate the effects into our cost estimates. Furthermore, if the Commission decides during 2011 to exercise the option to forgo mandatory adoption of IFRS, we would be faced with the burdensome task of identifying and re-pricing all government contracts that were bid based on cost estimates using IFRS accounting practices.

We believe that the convergence efforts between the FASB and IASB would be a better alternative to enhancing the comparability of financial statements as it would impose less risk to government contractors. However, if the Commission decides to proceed with mandatory adoption of IFRS, we recommend delaying the implementation date until resolution is in place for the impacts to government contractors.

Timeline for Mandatory Conversion

The Roadmap proposes that the Commission will decide in 2011 whether or not to require mandatory conversion to IFRS beginning in 2014. We believe this proposed timeline is too compressed and may unintentionally impact companies' ability to thoroughly and cost-effectively implement IFRS.

Companies will incur significant costs to transition to IFRS, and given the possibility that the Commission may decide in 2011 not to mandate IFRS, there is no incentive to early adopt. In fact, there is disincentive for early adopting given the potential of having to revert back to U.S. GAAP if the Commission decides not to proceed with mandatory conversion. Therefore, we believe few companies that are presented with the opportunity to early adopt IFRS, including Boeing, will likely make that election. An unfortunate consequence of the lack of early adopters is there will be limited knowledge to share with companies adopting later.

If the Commission does decide in 2011 to mandate adoption of IFRS in 2014, large accelerated filers will have less than one year to prepare for dual reporting of U.S. GAAP and IFRS financial statements beginning on January 1, 2012 (the "transition date"). One year is simply not enough time for companies to implement IFRS in a thorough, controlled, and cost-effective manner. Companies will need more time to appropriately plan and assess the impact of IFRS on their accounting policies, internal processes and controls, technology infrastructure, tax reporting, and other regulatory and statutory reporting. We believe a longer implementation period is also necessary for U.S. government agencies to ensure successful conversion of their numerous systems. Therefore, we believe the Commission should allow a minimum of four years between the point at which it decides to require mandatory conversion to IFRS and the transition date. For example, if the Commission decides on December 31, 2011, to require mandatory conversion to IFRS, then the mandatory adoption date should be no earlier than December 31, 2018, assuming a transition date of January 1, 2016.

We also recommend the Commission require only two years of IFRS financial statements in the initial year of adoption. This will ease the burden on preparers from both a time and cost perspective by reducing the requirement to maintain dual reporting systems to two years from the three years proposed in the Roadmap. Requiring two years of IFRS

Financial statements in the initial year of adoption by U.S. companies is also consistent with IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, and was the approach approved by the Commission for first-time adoption of IFRS by foreign private issuers.

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We appreciate the opportunity to comment on the Roadmap. If you have questions, or need additional information, please contact Rob Pasterick, Vice President and Corporate Controller, at 312-544-2294.

Sincerely,



Robert J. Pasterick
Vice President and Corporate Controller

cc: Chairman Mary L. Schapiro
Commissioner Luis A. Aguilar
Commissioner Kathleen L. Casey
Commissioner Troy A. Paredes
Commissioner Elisse B. Walter
James L. Kroeker, Acting Chief Accountant
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