BOEING

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September 9, 2013

Ms. Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Proposed Rule on Money Market Fund Reform; File Number S7-03-13

Dear Ms. Murphy:

The Boeing Company is the world's largest aerospace company, the largest U.S. manufacturing exporter and leading manufacturer of commercial jetliners and defense, space and security systems. With our corporate headquarters in Chicago, Illinois, Boeing has over 163,000 employees in the U.S. with major operations in 34 states. Importantly, the Boeing Company contributes more than $1 billion each week into the U.S. economy. In 2012, Boeing paid over $42 billion to more than 17,000 U.S. businesses, supporting an additional 1.2 million supplier-related jobs across the country.

On June 5, 2013, the U.S. Securities and Exchange Commission ("SEC") approved proposed rules to 2a-7 for Money Market funds ("MMF"). The proposals includes a floating net asset value ("NAV") for institutional prime funds, liquidity fees and redemption gates, reporting requirements, and other amendments. As a corporation or "end user" of these funds, our comments are limited to the floating NAV and liquidity fees and redemption gate proposals.

Floating NAV

Boeing generally holds approximately $3 billion in prime funds. Like most large corporations, we use MMFs for the preservation of principal and liquidity. Under the proposal, the use of amortized cost accounting and "penny rounding" will no longer be allowed. Instead of rounding the NAV to the nearest half penny with a $1.00 price per share, the NAV will be calculated on a basis point rounding out four decimal places to $1.0000. We believe eliminating this key feature of MMFs – a stable NAV – will result in the loss of MMFs as a useful liquidity and principal preservation tool for corporations. In practice, the Boeing Treasury Department tracks the shadow NAV through data provided by approximately one-half of the funds in which we invest and have experienced minimal change in value per share. It is our view that the compliance costs and volatility, which will result if the proposal is approved in its current form, are too high a price in order to mitigate what is effectively a rounding issue.

As a global company, we must make payments to suppliers as well as receive payments from our customers throughout the day. It is common for Boeing to redeem shares and receive cash from MMFs to make payments to our suppliers as well as deposit payments from our customers into MMFs at various points in a 24-hour period.

Given our daily cash movements, our utilization of banks is somewhat limited with respect to such short term withdrawal or investment of cash in a 24-hour period. Importantly, it is a common occurrence for our banks to actively discourage such short term deposits and offer a rate of return close to zero in an effort to dissuade such investments. Therefore, the use of MMFs-with their flexibility-is imperative to our daily business.

Importantly, a floating NAV would make it difficult to execute intra-day settlements as funds would have to price the underlying portfolio holdings using market based pricing multiple times throughout the day. If market prices are not readily available, funds may not be able to settle with investors until late in the day or the following day, which will limit our liquidity.

In addition, uncertainty remains regarding how floating NAV funds will be classified for accounting purposes. The SEC proposal states that a floating NAV MMF would not be an investment, and because of its risk profile, is still a cash equivalent. If no additional guidance is put forth, uncertainly remains. The SEC should either address this issue in a final rule or direct FASB to provide explicit clarification that shares held in MMFs are cash equivalents.

Gains and losses will also arise from the redemption of a floating NAV MMF. Tracking these gains and losses will require updated treasury and accounting systems to build in these capabilities. We make the assumption our record keepers will track these fluctuations and charge us additional fees. In our opinion, these changes will be costly and time-consuming, which we believe far outweighs the benefits of these perceived reforms.

While there is no comparable cash investment alternative providing the benefits of a stable NAV MMF – principal preservation, liquidity, diversification, built in credit analysis and transparency – a floating NAV fundamentally changes the character of MMFs and, therefore, the reasons we invest in these funds. We are not invested in MMFs for meaningful return; therefore, if the floating NAV is adopted in its proposed current form, we will exit this investment option. Instead, we will invest in government funds, which will continue to utilize a stable NAV under the proposal. We would expect other investors to have similar investment preferences, resulting in a potentially meaningful negative impact on traditional MMFs.

Liquidity Fees and Redemption Gates

Under the proposed rule, if a MMF's weekly liquidity of maturing instruments falls below 15 percent, which is half of the required level, the fund could impose a 2 percent liquidity fee and temporarily restrict/suspend redemptions. The fee would automatically be lifted when the weekly liquidity reaches the required 30 percent level. We understand the purpose of these actions is to prevent significant losses in the event of a market disruption. The Boeing Company's internal treasury department studies our MMF holdings on a constant basis. We have frequent interaction with fund managers, look at trends, review macro economic data, and conduct frequent "deep dives" of our funds which include, but are not limited to, the review of assets under management, country exposure, diversification, and several other metrics. In other words, we are well informed of the status and health of our investments. It is relevant to note that we cannot conduct such research with respect to the underlying investment holdings of a bank. The Boeing Company believes these two proposals would unfortunately require us to divert more cash to our banks where there is less visibility with respect to the underlying investments. As a global company, we face a variety of business challenges outside of market disruptions, such as labor, product, and political issues. These types of concerns can arise frequently throughout the year. If we are prohibited from accessing cash for any amount of time, irrespective of market conditions, the result could be detrimental to our business, and ultimately to our customers, retirees, and employees. Accordingly, we would no longer invest in institutional prime MMFs if these two proposals are adopted in their current forms.

As stated above, we believe the proposed modifications to Rule 2a-7 would restrict liquidity, create unnecessary costs and operational complexity, and create volatility which the rule proposes to attempt to avoid. If the proposals are adopted in their current forms, The Boeing Company will unfortunately no longer consider institutional prime MMFs a desirable investment alternative.

In an effort to increase transparency, we recommend a requirement for all funds to report a shadow NAV. Access to such information would provide the desired transparency without the resulting volatility and complexity for investors.

Sincerely,

David Dohnalek
Vice President of Finance & Treasurer
The Boeing Company

cc: Tim Keating, Senior Vice President, Government Operations, The Boeing Company
Stacey Dion, Vice President, Corporate Public Policy, The Boeing Company
Verett Mims, Assistant Treasurer, The Boeing Company