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March 25, 2011

Via email: rule-comments@sec.gov

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

Re: Release No. 33-9186; 34-63874; File No. S7-18-08

Dear Ms. Murphy:

Boeing Capital Corporation ("BCC") submits this comment letter in response to the Commission's request for comments in its rule proposal release entitled "Security Ratings". The proposal would eliminate the provision in Form S-3 that allows issuers with less than $75 million in common equity held by non-affiliates to register the sale of non-convertible investment grade debt securities on Form S-3. Under the replacement provision, such an entity would be permitted to use Form S-3 only if it had publicly issued for cash $1 billion or more in non-convertible debt securities over the preceding three years.

We recognize that the Commission issued the proposal in response to Section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires the Commission to review its regulations that require the use of an assessment of the credit-worthiness of a security and any references to or requirements in such regulations regarding credit ratings and to modify any such regulations to remove any reference to or requirement of reliance on credit ratings. We commend the Commission for its efforts to try to preserve the availability of Form S-3 for issuers that the Commission believes are widely followed in the market. We are providing these comments to urge the Commission to expand upon its proposed eligibility criteria so that Form S-3 continues to be available to issuers that are widely followed in the market but would not be eligible under the current proposal.

BCC believes that the currently proposed $1 billion debt issuance in the preceding three years test, by itself, is not an appropriate alternative standard for Form S-3 eligibility. That test would impede the cost-efficient and flexible access to capital currently enjoyed by many widely followed issuers of public debt. Many large SEC-reporting subsidiaries of well-known seasoned issuers ("WKSIs") currently rely on Form S-3's investment grade eligibility criteria. Many such companies do not publicly issue $1 billion in debt securities every three years and therefore would not satisfy the Commission's proposed test, but are nonetheless well-known and widely followed in the market. BCC believes the Commission should supplement the proposed test with additional eligibility criteria that would make Form S-3 available to a majority owned subsidiary of a WKSI so long as the subsidiary has at least $1 billion in assets or at least $1 billion in publicly issued debt securities outstanding. A debt issuer in that category (that also meets the relevant registrant requirements of

Form S-3, including being a reporting company for at least 12 months that has timely filed all required reports during the preceding year) will be widely followed in the market and should be eligible for Form S-3. Overwhelmingly, such issuers are also followed by the analysts that follow the WKSI parent.

Limiting this eligibility criteria to wholly owned subsidiaries of WKSIs would be acceptable to BCC as well, but we are suggesting "majority owned" because we believe majority owned subsidiaries of WKSIs receive the same level of interest and following by investors and market participants as wholly owned subsidiaries of WKSIs. In addition, this wording would be consistent with the provisions of Instruction C to Form S-3, which makes the form available to majority owned subsidiaries for certain types of transactions.

Background on BCC, its recent debt issuance history and use of Form S-3

BCC is a wholly owned subsidiary of The Boeing Company ("Boeing"), which is a WKSI with a current market capitalization of over $50 billion. BCC is Boeing's finance subsidiary, with the mission of supporting Boeing and managing risks. In the commercial aircraft market, BCC facilitates, arranges, structures and provides selective financing solutions for Boeing's Commercial Airplane customers. In the space and defense markets, BCC primarily arranges and structures financing solutions for Boeing's Defense, Space & Security customers. In the years 2001 through 2010, BCC provided $10 billion of financing, substantially all of which was provided to support deliveries of new Boeing aircraft. As of December 31, 2010, BCC and Boeing together had unfunded outstanding financing commitments related to the sale of new Boeing aircraft of approximately $9.9 billion. BCC expects to be the entity to provide funding to the extent any of those commitments are exercised.

BCC's ability to access the capital markets in the most efficient and cost-effective manner when necessary to finance the sale of Boeing aircraft is critical to BCC's and Boeing's success. BCC is a separate reporting company under the Securities Exchange Act of 1934, with approximately $6 billion in assets and over $3 billion of publicly-issued non-convertible investment grade-rated debt securities outstanding as of December 31, 2010. BCC currently maintains a shelf registration statement on Form S-3 for further public offering of debt securities, and has in place a medium-term note and a retail note program that depend on the flexibility provided by Form S-3 eligibility.

BCC agrees with the Commission that having issued $1 billion of registered non-convertible securities over the prior three years would generally make an issuer widely followed in the marketplace. However, we believe that test is overly restrictive and would cause many widely followed issuers that are currently eligible for Form S-3 to lose eligibility. BCC has been eligible for Form S-3 for many years because its debt has consistently maintained an investment grade rating.[1] BCC is concerned, however, that the current proposal could cause BCC to lose Form S-3 eligibility in the future if it fails to issue $1 billion in debt securities over a three-year period. BCC's

[1] BCC is also currently a WKSI entitled to conduct automatic shelf offerings under Form S-3 as a result of a public issuance of $1 billion of debt securities in October 2009.

debt issuance history shows that this is a distinct possibility.

BCC issued $9.3 billion of debt securities in public offerings utilizing Form S-3 from 2000 through 2003. BCC did not, however, issue any debt securities from December 2003 until October 2009, and therefore would not have been eligible to complete its October 2009 bond issuance in the manner in which it was completed if the rule change contemplated by the proposal had been in place at that time. Furthermore, under the three-year look-back test set forth in the proposal, if BCC does not publicly issue at least $1 billion in debt securities between now and December 2012 (which will not occur if BCC's only debt issuances are for purposes of refinancing debt that matures during that period), BCC would no longer qualify for Form S-3. BCC believes that this result would not be consistent with the Commission's stated intent of preserving the use of Form S-3 for issuers that are widely followed in the marketplace. Just as BCC was widely followed in the marketplace at the time of its bond offering in 2009 (even though it had not accessed the debt markets in over five years), BCC believes it will be just as widely followed after December 2012 (even if it does not issue an additional $1 billion in debt securities by that time), and should remain eligible for Form S-3 so long as it remains a reporting company, remains a majority owned subsidiary of Boeing, and continues to have a significant level of assets or outstanding public debt securities.

The availability of Form S-3 for BCC's October 2009 issuance was instrumental in permitting the company to raise capital in the public debt markets during the recent credit crisis in order to fund its operations and new Boeing aircraft deliveries. The flexibility inherent in an effective Form S-3 registration statement allowed BCC to complete its October 2009 bond offering promptly following its Form 10-Q filing, when its disclosures were most current, and when the company considered market conditions most advantageous, without the need to file a transaction-specific registration statement and face the risk of delay posed by a potential review by the Commission staff.[2] BCC believes that it was able to successfully launch and price the transaction the same day because BCC is well known in the marketplace. BCC is a wholly owned subsidiary of a WKSI, has been a reporting company for decades, is reported as a separate segment in Boeing's Exchange Act reports, had approximately $6 billion in assets as of December 31, 2010, and has a wide market following as a subsidiary of a prominent WKSI and because it has continuously had at least $1 billion in publicly issued debt securities outstanding over the last ten years (and over $8 billion at certain points during that period). BCC's experience demonstrates that an issuer can remain widely followed

[2] The Commission recognized the benefits of Form S-3 availability when it expanded eligibility for use of the form in certain contexts in 2007. In the adopting release for those changes, the Commission stated: "The ability to conduct primary offerings on Form S-3 confers significant advantages on eligible companies…The shelf eligibility resulting from Form S-3 eligibility and the ability to forward incorporate information on Form S-3, therefore, allow companies to avoid additional delays and interruptions in the offering process and can reduce or even eliminate the costs associated with preparing and filing post-effective amendments to the registration statement. …By having more control over the timing of their offerings, these companies can take advantage of desirable market conditions, thus allowing them to raise capital on more favorable terms (such as pricing) or to obtain lower interest rates on debt. As a result, the ability to take securities off the shelf as needed gives issuers a significant financing alternative to other widely available methods, such as private placements..." Section 1.A.3 of Release No. 33-8878 (Dec. 19, 2007).

even if it has not accessed the debt markets for extended periods when the company has characteristics that make it of interest to investors, such as being a reporting subsidiary of a WKSI and having a significant amount of assets or a significant amount of outstanding public debt.

As reflected in comment letters submitted in response to the Commission's current proposal and a similar 2008 proposal, a number of WKSI subsidiaries currently relying on the investment grade eligibility criteria for Form S-3 are in a similar position of potentially losing eligibility for that form, the availability of which is critical for cost-effective access to capital. BCC believes the Commission's proposal should be revised to ensure that BCC and similarly situated companies continue to be eligible for the benefits of Form S-3 eligibility.

BCC believes that the proposal should be revised to make Form S-3 also available to a majority owned subsidiary of a WKSI if the subsidiary has at least $1 billion in assets or $1 billion in public debt securities outstanding. Each of these criteria is a convincing index of a widely followed issuer.

Additional eligibility criteria should be added to the proposal to make Form S-3 available to companies like BCC and many other debt-issuing subsidiary entities potentially affected by the proposal, which we understand from submitted comment letters include utility operating companies and real estate investment trusts. We believe that the Commission should supplement the current proposed replacement eligibility criteria with an additional test providing that a majority owned subsidiary of a WKSI would be eligible for Form S-3 if that subsidiary has at least $1 billion in consolidated assets or at least $1 billion in outstanding publicly issued debt securities. We believe that a WKSI's majority owned subsidiary with $1 billion in assets or $1 billion in debt securities outstanding would have its Exchange Act filings broadly followed and scrutinized by investors and the markets, and should remain Form S-3 eligible.

A registrant that is a subsidiary of a WKSI and has a significant amount of assets will be widely followed by investors in, and market participants that follow, the WKSI parent. Investors in and analysts of a WKSI parent can be expected to be interested in the public reports of the WKSI's material subsidiaries. We believe that this alternative eligibility will also appropriately allow many investment-grade companies to remain Form S-3 eligible. Based on our review of the comment letters submitted by utilities and utility groups on the Commission's current proposal and similar prior proposal, it appears that all but one of the utility operating subsidiaries specifically identified in those letters as potentially losing Form S-3 eligibility due to the level or cyclicality of its debt issuances reported at least $1 billion in assets in its most recent Form 10-K or 10-Q.[3]

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[3] The subsidiaries that reported at least $1 billion in assets are: Arizona Public Service Company, Central Hudson Gas & Electric Corporation, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, LLC, Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy Texas, Gulf Power Company, Mississippi Power Company, Northern States Power Company, Public Service Company of Colorado, Public Service Company of New Mexico, Southern Power Company, Southwestern Public Service Company, Virginia Electric and Power Company, Washington Gas Light Company, and Wisconsin Electric Power Company, as well as each of American Electric Power Corporation's six registrant

We also believe that a WKSI subsidiary that has over $1 billion in public debt securities outstanding would be widely followed in the marketplace. BCC believes that investors that hold bonds, no matter when issued, have an interest in continuing to follow the issuer of the bonds closely and regularly assess whether they should continue to hold the bonds. We therefore believe the three-year issuance look-back test contemplated by the Commission's proposal is an artificial and overly-restrictive limitation. BCC's issuance history shows that if a debt issuance test is implemented, in order to keep Form S-3 available to issuers that have a wide following in the marketplace, such as majority owned subsidiaries of WKSIs, the test should be based on the principal amount of bonds outstanding, not merely the principal amount issued in the preceding three years.

The parent guarantee eligibility provisions are not an appropriate alternative for WKSI subsidiaries that would not qualify under the proposal

We are aware that an alternative instruction exists that entitles a company like BCC to use Form S-3 if its parent guarantees new debt issuances. If Boeing decides to guarantee BCC debt issuances, it should be for credit support reasons, not in reaction to regulatory changes that have the presumably unintended consequence of causing a widely followed company like BCC to lose standalone Form S-3 eligibility. BCC does not believe that leaving BCC and Boeing in the position of needing to rely on the guaranteed debt eligibility instruction to Form S-3 would be consistent with the Commission's stated goal of ensuring that widely followed issuers remain S-3 eligible. A guaranteed debt issuance is different from a subsidiary issuance in a number of important respects, and we do not believe is customary for companies like BCC. Based on our review of filings with the Commission, a large number of separately reporting finance subsidiaries of manufacturers have sufficient credit to publicly issue debt securities without parent guarantees. In addition to BCC, Caterpillar Financial Services Corporation, Ford Motor Credit Company LLC, General Electric Capital Corporation, John Deere Capital Corporation, Paccar Financial Corporation and Textron Financial Corporation all regularly issue bonds to the public without parent guarantees. Finance subsidiaries typically operate in this fashion for a number of reasons, including the desire to avoid the complication and expense of having the parent be a co-issuer on the offering, capital structure preferences, bankruptcy protection issues for securityholders of the finance subsidiary and potential rating agency leverage analysis considerations.

We do not believe that the rule changes the Commission adopts pursuant to Section 939A of the Dodd-Frank Act should put a company like Boeing in the position of needing to implement an off-market guarantee structure, with these added costs and complications, solely in order to allow its widely followed finance subsidiary to retain

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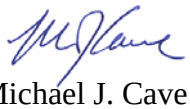
subsidiaries (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company), five of which American Electric Power Corporation indicated would be affected by the proposal. Based on our reviews, the only subsidiary reporting less than $1 billion in assets that was specifically identified in the utility comment letters as potentially losing Form S-3 eligibility under the proposal is Entergy New Orleans, Inc. This list reflects our review of comment letters posted as of March 23, 2011 on the relevant portion of Commission's website.

the financial flexibility associated with Form S-3 eligibility. The Commission's current proposal would likely have this effect if, as in the past, BCC experiences a three-year period of low debt issuance levels, even though, as in the past, it remains a subsidiary of a WKSI, continues to timely file SEC reports, and continues to have a significant amount of assets and/or outstanding public debt. Congress' intention in enacting Section 939A was to cause the Commission to eliminate reliance on security ratings in its rules and forms, not to unnecessarily impede access to capital by denying Form S-3 eligibility to issuers that are in fact widely followed in the marketplace.

Conclusion

The loss of S-3 eligibility would adversely impact BCC and many other similarly situated and widely followed companies without any counterbalancing benefit to investors. For the reasons stated above, BCC believes the Commission should supplement the proposed eligibility criteria with additional criteria that would also make Form S-3 available to a majority owned subsidiary of a WKSI so long as the subsidiary has at least $1 billion in assets or at least $1 billion in outstanding publicly issued debt securities.

Very truly yours,



Michael J. Cave
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