

April 4, 2003

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: Comments on PCAOB Rulemaking Docket Matter No. 002 – Proposal for Establishment of Accounting Support Fee

The undersigned wishes to comment on behalf of The Boeing Company (the “Company”) on the draft release issued by the Public Company Accounting Oversight Board (“PCAOB”) on March 14, 2003, entitled “Proposal for Establishment of Accounting Support Fee” (the “Draft Release”). Comments were specifically requested related to the proposed size and thresholds of the classes of issuers. The Company agrees with the proposed issuer classes, thresholds and allocation procedures as outlined in the Draft Release. We believe that the proposed process for calculating and allocating support fees is the most repeatable and simple process. However, we have the following comments on other aspects of the Draft Release:

- Public accounting firms should not be responsible for enforcing issuers’ payments of accounting support fees.
- The final release should include a description of the PCAOB’s internal procedures to review the budget.
- The final release should explain in more detail how total market capitalization will be calculated.

Enforcement of Accounting Support Fee Payments

The Draft Release requires that no registered public accounting firm may sign an unqualified audit opinion (or issue a consent) with respect to an issuer’s financial statements if that issuer has any past-due accounting support fee. This puts the public accounting firm in the role of payment enforcement. However, there is no direct relationship between a public accounting firm opining on the fair presentation of financial statements and an issuer’s payment of the accounting support fee. Non-payment of similar fees to vendors, suppliers or other parties does not impact the ability to receive an unqualified audit opinion on an issuer’s financial statements. Additionally, there are other areas of non-compliance with rules and regulations (i.e. pending litigation) that do not prohibit an issuer from obtaining an unqualified audit opinion. Therefore, we believe that non-payment of the accounting support fee should not impact whether an issuer can receive an unqualified audit opinion or consent from its independent public accounting firm.

The Draft Release makes it clear that an issuer’s failure to pay its share of the accounting support fee is a violation of the Securities Exchange Act of 1934 and could result in

administrative, civil, or criminal sanctions. Therefore, non-payment of the accounting support fee is directly related to the Securities Exchange Commission (SEC) regulations and should be included in the SEC's scope of enforcement. We believe the SEC, rather than public accounting firms, should have responsibility for enforcing payment of audit support fees.

Internal Review Procedures of PCAOB's Budget

The Draft Release indicates that the PCAOB will compute the accounting support fee based on its annual budget, as approved by the SEC. In addition, Section 109(b) of the Sarbanes-Oxley Act of 2002 indicates that a budget shall be established "which shall be reviewed and approved according to [the PCAOB's] internal procedures." In order to provide appropriate checks and balances of the budget-setting process, we believe that the internal review procedures of the PCAOB should be outlined in the final release. We also suggest that an independent advisory board made up of industry representatives be appointed to perform an additional review of the PCAOB's proposed budget to ensure reasonableness of the total accounting support fee to be allocated to issuers.

Total Market Capitalization Calculation

In calculating the allocation of the accounting support fee, the PCAOB will be required to compute the average monthly market capitalization of each equity and investment company issuer. It is unclear how average monthly market capitalization will be determined. For example, will closing stock prices on the last day of the calendar month be used, or average stock prices? Also, will shares issued and outstanding as reported in each of the issuers' Form 10-Qs be used for each month in that quarter? We believe that the final release should describe in more detail the process for calculating the average monthly market capitalization to be used in the accounting support fee allocation.

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We appreciate the opportunity to comment on this topic and your attention to our comments.

Sincerely,

James A. Bell
Senior Vice President Finance and Corporate Controller
The Boeing Company