

**PRO-12**  
**Issue Date**  
December 17, 2001

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

### **Purpose/Summary**

This procedure explains the prohibitions, based on federal securities law, against "insider trading."

### **Supersedes**

August 21, 1998

### **Applies to**

All Boeing

### **Maintained by**

Corporate Secretary

### **Authority Reference(s)**

Policy POL-2, "Ethical Business Conduct"

### **Approved by**

Gale C. Andrews  
Vice President, Ethics and Business Conduct

### **Summary of Changes to the Title Page**

The Issue Date, Supersedes date, Applies to and Approved by have changed.

## 1. Definitions

A. "Material" information is information that a reasonable investor would very likely consider important in deciding to purchase or sell a security and that could affect the price of the security. Information that could be material about Boeing includes:

1. The launch of a new aircraft development program.
2. A change in the regular dividend.
3. Actual change in earnings.
4. Upcoming announcement of earnings or losses.
5. A stock split.
6. A pending or prospective merger, acquisition, or tender offer.
7. The sale of significant assets or a significant subsidiary.
8. The gain or loss of a substantial customer or supplier.

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.

B. "Nonpublic" information is information that is not available to the general public.

C. "Trading" is the purchase or sale of stocks, bonds, debentures, options, or other marketable securities. 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 a firm at any time when the employee, as a result of Boeing employment, has "material nonpublic" information about that firm. This restriction on "insider trading" is not limited to trading in Boeing stock or bonds. It includes trading in the securities of other firms, particularly those that are current or prospective customers or suppliers of Boeing and those with which Boeing may currently be negotiating.

B. In addition, employees may not communicate material nonpublic information learned or developed through Boeing employment 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 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 had previous knowledge of such information is responsible for ensuring that he or she does not violate federal or state securities laws or Boeing policy covering securities trading. Under federal securities laws, insider trading and tipping can result in substantial civil and criminal penalties, including fines of up to three times the profit gained or loss avoided, as well as imprisonment. Boeing, as the employer, could also be liable for fines of \$1 million or more as a consequence of an employee's insider trading or tipping.
- B. The corporate secretary of The Boeing Company is responsible for providing guidance regarding this procedure.

### **4. 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.

The corporate secretary 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 section 4.B, are not permitted to

trade in Boeing stock unless they have approval 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 approval, an officer is advised that Boeing stock may be traded, the officer may buy or sell the stock within 2 business days thereafter. If for any reason the trade is not completed within the 2 business days, clearance must be obtained again before the stock may be traded.

If, upon requesting approval 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, nor may the officer inform anyone of the restriction. This trading restriction will apply until the officer receives subsequent clearance to trade.

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

- D. 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."