

June 9, 2008
UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL MILITARY AFFAIRS
WASHINGTON, D.C. 20520

In the Matter of:

The Boeing Company

A Delaware Corporation

Respondent

CONSENT AGREEMENT

WHEREAS, the Office of the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, U.S. Department of State ("Department") has notified The Boeing Company, ("Respondent") of its intent to institute an administrative proceeding pursuant to section 38 of the Arms Export Control Act, as amended ("AECA") (22 U.S.C. § 2778), and its implementing regulations, the International Traffic in Arms Regulations ("ITAR") (22 C.F.R. pts. 120-130);

WHEREAS, the Department acknowledges that the Respondent described these matters in voluntary disclosures submitted to the

Department, and cooperated with the Department's investigation of this matter;

WHEREAS, the Respondent has reviewed the Proposed Charging Letter and this Consent Agreement, fully understands these documents, and enters into this Consent Agreement voluntarily and with full knowledge of its rights;

WHEREAS, the Respondent wishes to settle and dispose of all potential civil charges, penalties and sanctions arising from the Proposed Charging Letter, and the facts that the Respondent has disclosed in writing to the Department in its Voluntary Disclosures and other correspondence dated August 27, 1998, September 29, 2004, May 17, 2005, September 9, 2005, December 12, 2005, December 21, 2005, June 23, 2006, September 6, 2006, January 12, 2007, July 13, 2007 and July 13, 2007, by entering into this Consent Agreement;

WHEREAS, the Respondent agrees that if the Department finds that this Consent Agreement was negotiated based on the Respondent's knowingly providing materially false or misleading information to the Department, the Department may revoke this Consent Agreement and the related administrative order ("Order"), and bring additional charges against the Respondent. Additionally, the Respondent understands that a violation of this Consent Agreement is considered a violation of the Order; and

WHEREAS, the Department and the Respondent agree to be bound by this Consent Agreement and the Order to be entered by the Assistant Secretary of State for Political-Military Affairs.

Now, WHEREFORE, the Department and the Respondent agree as follows:

Parties

(1) The Parties to this Consent Agreement are the Department and the Respondent, including the Respondent's operating divisions and subsidiaries and their assignees and successors.

Jurisdiction

(2) The Department has jurisdiction over the Respondent under the AECA and the ITAR in connection with the matters identified in the Proposed Charging Letter.

Penalty

(3) The Respondent agrees that it shall pay a civil penalty of three million dollars (\$3,000,000.00) in complete settlement of alleged civil violations pursuant to section 38 of the AECA and the ITAR, as set forth in the Proposed Charging Letter. One Million dollars (\$1,000,000.00) of this amount is due within ten (10) days from the date of the Order, one million dollars (\$1,000,000.00) is due on the first anniversary of the date of the Order, and one million dollars (\$1,000,000.00) is due on the second anniversary of the date of the Order. The Respondent agrees to waive its rights to raise the defense of Statute of Limitations with regard to the collection of the civil penalty imposed by this Consent Agreement, and that the Statute of Limitations shall be tolled until the last payment is made.

(4) Respondent is precluded from applying any portion of the three million dollar (\$3,000,000.00) penalty set forth in paragraph (3) as costs in any contract with any agency of the U.S. Government or any other contract where the result would be the application of any portion of the three million dollar (\$3,000,000.00) penalty as costs in any contract with any agency of the U.S. Government. Respondent agrees that the three million dollar (\$3,000,000.00) penalty: (a) will be treated as expressly unallowable costs under the Federal Acquisition Regulations; (b) will not be recovered or sought to be recovered as allowable costs, either directly or indirectly under any federal prime contract, grant or subcontract; and (c) will not be taken as a federal tax deduction.

Debarment

(5) The Respondent has acknowledged the seriousness of the violations cited in the Proposed Charging Letter. The Respondent has cooperated with the Department's investigation, expressed regret for these activities and taken steps to improve its compliance programs. It has also undertaken to make amends by paying a cash penalty, and implementing the additional remedial compliance actions specified in this Consent

Agreement. For these reasons, the Department has determined not to impose an administrative debarment of Respondent based on the civil charges in the Proposed Charging Letter at this time. The Department reserves all rights to impose additional sanctions, including debarment under the ITAR, against the Respondent, or any subsidiary or other affiliate over which the Respondent exercises control, if it does not fulfill the provisions of the Consent Agreement or is responsible for other compliance or law enforcement issues under the AECA, the ITAR, or under other statutes enumerated in § 120.27 of the ITAR.

Strengthened Compliance Policies, Procedures, Training

(6) Within twelve (12) months of the date of the Order, Respondent will have instituted strengthened corporate export compliance procedures focused principally on Respondent's business operations such that: (a) all Respondent employees engaged in the administration of Manufacturing License Agreements (MLA) and Technical Assistance Agreements (TAA) are familiar with the AECA and the ITAR, and their own and Respondent's responsibilities thereunder; (b) all persons responsible for supervising those employees, including program managers of those units, are knowledgeable about the underlying policies and principles of the AECA and the ITAR as they relate to MLA's and TAA's; and (c) there are records indicating the names of employees, trainers, and level and area of training received.

Automated Export Compliance System

(7) Respondent agrees to continue with the implementation of a comprehensive automated export compliance system to strengthen Respondent's internal controls for ensuring compliance with the AECA and the ITAR in the administration of its MLA's and TAA's. Respondent will provide to the Office of Defense Trade Controls Compliance (DTCC) on the first anniversary of the date of the Order an update outlining the status of Respondent's automated export compliance system, and any specific changes made to the system to address the issues that were outlined in the Proposed Charging Letter.

Audits

(8) Respondent shall have an audit conducted within eighteen (18) months from the date of the Order by an outside consultant with expertise in AECA/ITAR matters, and approved by the Director, DTCC. The audit shall provide a thorough assessment of the effectiveness of the Respondent's implementation of the measures set forth in this Consent Agreement with focus on those actions undertaken to address the compliance problems identified in the Proposed Charging Letter concerning the administration of Respondent's MLA's and TAA's and the effectiveness of Respondent's paragraph (7) automated export compliance system. Within twelve (12) months of the date of the Order, a draft audit plan will be submitted to the Director, DTCC for review and comment. Within eighteen (18) months of the date of the Order, the audit will be completed and a written report containing recommendations for improvements with respect to Consent Agreement measures, or compliance with the AECA or the ITAR concerning the administration of MLA's and TAA's more generally. The report will be submitted by Respondent to the Director, DTCC along with Respondent's plan on how it will address those recommendations.

(9) Subsequently, within thirty (30) months from the date of the Order, Respondent shall have another audit conducted by an outside auditor, approved by the Director, DTCC, to confirm whether Respondent addressed the compliance recommendations from the initial report, and to assess the effectiveness of Respondent's paragraph (7) automated export compliance system. Within twenty-four (24) months of the date of the Order, a draft audit plan will be submitted to the Director, DTCC for review and comment. Within thirty (30) months of the date of the Order, the second audit will be completed and a written report containing recommendations for improvements will be submitted by Respondent to the Director, DTCC along with Respondent's plan on how it will address those recommendations.

Respondent's Commitment Concerning Compliance

(10) Respondent, reflecting its commitment to conduct its business in full compliance with the AECA and the ITAR, and in order to ensure, in particular, that it fully complies with the AECA and the ITAR in the administration of its MLA's and TAA's, agrees to implement the remedial measures outlined in this Consent Agreement, and such additional measures as may be mutually agreed upon by Respondent and

the Director, DTCC, and agrees further that these measures will remain in effect for three (3) years, subject to the terms and conditions in paragraph (11), as part of this Consent Agreement. Further, Respondent agrees that these measures will be incorporated into any future Respondent business acquisitions that are involved in the administration of MLA's and TAA's within six (6) months of that acquisition. Respondent acknowledges and accepts its obligation to maintain effective export control oversight, infrastructure, policies and procedures for its AECA/ITAR-regulated activities.

Certification

(11) At the conclusion of the three (3) year term of this Consent Agreement, the Senior Vice President, Office of Internal Governance, of Respondent shall submit to the Director, DTCC a written certification that all compliance measures set forth in this Consent Agreement have been implemented, and that the Respondent has assessed its current ITAR compliance program and certifies to a good faith belief that it is adequate to identify, prevent, detect, correct and report violations of the AECA and the ITAR. In the absence of such certification, the Consent Agreement shall remain in force beyond the three (3) year term until such certification is submitted. Such certification shall specifically address compliance with paragraphs (6) and (7) of this Consent Agreement and how Respondent addressed the recommendations from the paragraph (9) audit report.

Understandings:

(12) No agreement, understanding, representation or interpretation not contained in this Consent Agreement may be used to vary or otherwise affect the terms of this Consent Agreement or the Order, when entered, nor shall this Consent Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed in the Proposed Charging Letter. Specifically, the Respondent acknowledges and accepts that there is no understanding expressed or implied through this Consent Agreement with respect to a final decision by the Department of State concerning export licenses or other U.S. Government authorizations.

(13) The Respondent acknowledges the nature and seriousness of the offenses identified in the Proposed Charging Letter. For purposes of this Consent Agreement, the Respondent neither admits nor denies the allegations in the Proposed Charging Letter. If this Consent Agreement is not approved pursuant to an Order entered by the Assistant Secretary for Political-Military Affairs, the Department and the Respondent agree that they may not use this Consent Agreement in any administrative or judicial proceeding, and that the parties shall not be bound by the terms contained in this Consent Agreement.

(14) The Department agrees that, upon signing of the Order, this Consent Agreement resolves with respect to the Respondent the civil penalties or administrative sanctions with respect to violations of § 38 of the AECA or the ITAR arising from facts the Respondent has disclosed in writing to the Department in its voluntary disclosures and other correspondence dated August 27, 1998, September 29, 2004, May 17, 2005, September 9, 2005, December 12, 2005, December 21, 2005, June 23, 2006, September 6, 2006, January 12, 2007, July 13, 2007 and July 13, 2007, or that have been identified in the Proposed Charging Letter.

Waiver

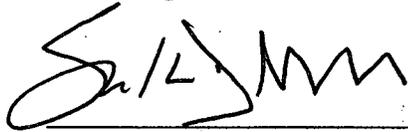
(15) The Respondent waives, upon the signing of the Order, all rights to seek any further steps in this matter, including an administrative hearing pursuant to Part 128 of the ITAR. The Respondent also waives any such rights with respect to any additional penalty (with the exception of any suspension or debarment action) assessed by the Director/DTCC in connection with an alleged material violation of this Consent Agreement (limited to one million dollars (\$1,000,000)) except as follows: In the event that the Director, Defense Trade Controls Compliance determines that the Respondent has materially violated this Consent Agreement and imposes such additional penalty, and the Respondent disputes such determination, the Respondent may appeal such determination to the Assistant Secretary for Political-Military Affairs, and the decision of the Assistant Secretary for Political-Military Affairs shall be the final determination in the matter, which may not be appealed. The Respondent also waives the right to contest the validity of this Consent Agreement or the Order, including in any action that may be brought for the enforcement of any civil fine, penalty or forfeiture in connection with this Consent Agreement or Order.

(16) The Respondent understands that the Department will make this Consent Agreement, the Proposed Charging Letter and the Order, when entered, available to the public.

When Order Becomes Effective

(17) This Consent Agreement shall become binding on the Department only when the Assistant Secretary for Political-Military Affairs approves it by entering the Order, which will have the same force and effect as a decision and Order issued after a full administrative hearing on the record.

U.S. Department of State

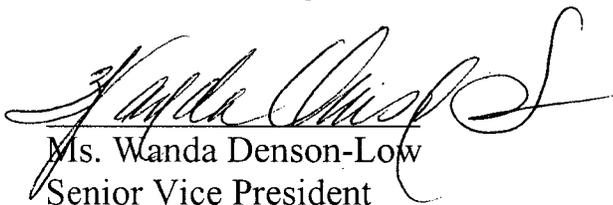


Ambassador Stephen D. Mull
Acting Assistant Secretary for
Political-Military Affairs

6/19/08

Date

The Boeing Company



Ms. Wanda Denson-Low
Senior Vice President
Office of Internal Governance
The Boeing Company

6-9-08

Date