

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2011</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>09/30/2011</u>			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☒ the final return/report;	
	☐ an amended return/report;	☒ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	▶ ☒		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN</u>	1b Three-digit plan number (PN) ▶	<div style="border: 1px solid black; padding: 2px;">003</div>	
	1c Effective date of plan <u>06/01/1966</u>		
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>THE BOEING COMPANY & CONSOLIDATED SUBSIDIARIES</u> <u>C/O BOEING EMPLOYEE BENEFITS</u> <u>P.O. BOX 3707, M/C 11-57</u> <u>SEATTLE, WA 98124-2207</u>	2b Employer Identification Number (EIN) <u>91-0425694</u>	2c Sponsor's telephone number <u>206-662-5825</u>	
	2d Business code (see instructions) <u>336410</u>		

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	<u>07/09/2012</u>	<u>SCOTT BUCHANAN</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") EMPLOYEE BENEFIT PLANS COMMITTEE 100 N. RIVERSIDE PLAZA CHICAGO, IL 60606-1596	3b Administrator's EIN 58-2405861 3c Administrator's telephone number 312-544-2297
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	53128
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☐ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large;">2011</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 09/30/2011

<p>A Name of plan THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN</p>	<p>B Three-digit plan number (PN) ▶ 003</p>
<p>C Plan or DFE sponsor's name as shown on line 2a of Form 5500 THE BOEING COMPANY & CONSOLIDATED SUBSIDIARIES</p>	<p>D Employer Identification Number (EIN) 91-0425694</p>

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: TBCESP MT INVESTMENT ACCOUNT		
b Name of sponsor of entity listed in (a): THE BOEING CO. & CONSOLIDATED SUBS.		
c EIN-PN 91-0425694-092	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 09/30/2011		
A Name of plan THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN	B Three-digit plan number (PN) ►	003
C Plan sponsor's name as shown on line 2a of Form 5500 THE BOEING COMPANY & CONSOLIDATED SUBSIDIARIES	D Employer Identification Number (EIN) 91-0425694	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	1040594819	
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	1040594819	0

Liabilities

g Benefit claims payable	1g	9843	
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	9843	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1040584976	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	231041	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		231041
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		-46175898
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		-9864962
d Total income. Add all income amounts in column (b) and enter total.....	2d		-55809819

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	50639069	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		50639069
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		50639069

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		-106448888
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		934136088

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):
 (1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:
 (1) Name: DELOITTE & TOUCHE,LLP (2) EIN: 13-3891517

d The opinion of an independent qualified public accountant is **not attached** because:
 (1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		95000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

THE BOEING COMPANY VOLUNTARY INVESTMENT PLAN

5b(2) EIN(s)	5b(3) PN(s)
91-0425694	002

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2011</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 09/30/2011		
A Name of plan THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN		B Three-digit plan number (PN) ▶ 003
C Plan sponsor's name as shown on line 2a of Form 5500 THE BOEING COMPANY & CONSOLIDATED SUBSIDIARIES		D Employer Identification Number (EIN) 91-0425694
Part I Distributions		
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-3581074		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2011 v.012611		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

The Boeing Company Employee Financial Security Plan

Employer ID No: 91-0425694
Plan Number: 003

Financial Statements as of September 30, 2011 and
December 31, 2010, and for the Period From
January 1, 2011 to September 30, 2011, and
Independent Auditors' Report

THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN

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INDEPENDENT AUDITORS' REPORT

To the Employee Benefit Plans Committee and
Members of The Boeing Company
Employee Financial Security Plan
The Boeing Company
Chicago, Illinois

We were engaged to audit the accompanying statement of net assets available for benefits of The Boeing Company Employee Financial Security Plan (the "Plan") as of September 30, 2011, and the related statement of changes in net assets available for benefits for the period from January 1, 2011 to September 30, 2011. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee that the information as of September 30, 2011 and for the period from January 1, 2011 to September 30, 2011, provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and we do not express, an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

We have audited the statement of net assets available for benefits of The Boeing Company Employee Financial Security Plan as of December 31, 2010, and in our report dated June 27, 2011, we expressed our opinion that such financial statement presents fairly, in all respects, the financial status of the Plan as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 and Note 8 to the financial statements, on September 30, 2011, the assets of the Plan were transferred into The Boeing Company Voluntary Investment Plan.

Deloitte & Touche LLP

June 26, 2012

THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

	2011	2010
ASSETS — Investments — at fair value — interest in Master Trust	<u>\$ -</u>	<u>\$ 1,040,594,819</u>
NET ASSETS AVAILABLE FOR BENEFITS — At fair value		1,040,594,819
ADJUSTMENT FROM FAIR VALUE TO CONTRACT VALUE FOR FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS	<u> </u>	<u>(9,864,962)</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ -</u>	<u>\$ 1,030,729,857</u>

See notes to financial statements.

THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE PERIOD FROM JANUARY 1, 2011 TO SEPTEMBER 30, 2011

ADDITIONS:

Net Master Trust activity	\$ (46,175,898)
Contributions — employer	<u>231,041</u>

Total net deductions	(45,944,857)
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DEDUCTIONS — Benefits paid	<u>50,648,912</u>
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DECREASE IN NET ASSETS	(96,593,769)
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ASSETS TRANSFERRED TO ANOTHER PLAN	(934,136,088)
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NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of year	<u>1,030,729,857</u>
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End of year	<u><u>\$ -</u></u>
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See notes to financial statements.

THE BOEING COMPANY EMPLOYEE FINANCIAL SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010, AND FOR THE PERIOD FROM
JANUARY 1, 2011 TO SEPTEMBER 30, 2011

1. DESCRIPTION OF PLAN

The following description of The Boeing Company (the “Company”) Employee Financial Security Plan (the “Plan”) provides only general information. Participants, as defined by the Plan (“Members”), should refer to the Plan document for a more complete description of the Plan’s provisions.

General — The Plan was a defined contribution profit-sharing plan which covered certain employee groups of the Company. These employees became eligible to participate on their first day of employment. For a description of the employee groups, refer to the Plan document. Plan assets provided for salary continuation during extended illness of active employees or disbursement of remaining account balance at termination.

Effective September 30, 2011, the net assets and liabilities of the Plan, totaling \$934,136,088, were transferred into The Boeing Company Voluntary Investment Plan (the “VIP”), the assets of which excluding loans and receivables, are held in The Boeing Company Employee Savings Plans Master Trust (the “Master Trust”). State Street Bank and Trust Company (SSBT) serves as trustee for the Master Trust. Prior to September 30, 2011, the assets of the Plan were held in the Master Trust.

The Employee Benefit Plans Committee controlled and managed the operation and administration of the Plan. The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions — Company contributions to the Plan were made for Members covered under eligible bargaining units on an annual basis. The allocation of contributions to the funds could be changed at any time and became effective on the day of the change or the next business day according to the time of the request for a change in relation to the stock market close of business. The contribution was calculated based on the Member’s hourly rate of pay and the reserve sick leave hours, as defined by the Company, in the Member’s account on the Member’s annual eligibility date. The Company could make an accelerated Company contribution on behalf of a Member who transferred employment to another group within the Company or any affiliate or subsidiary that was not eligible to fund the Plan. Members were not permitted to make contributions to the Plan.

Members’ Accounts — Individual accounts were maintained for each Plan Member. Each Member’s account was credited with the Company’s contribution and Plan earnings (losses) from the funds in which the account was invested and charged with an allocation of certain administrative and investment-related expenses, and Member specific charges, if applicable. Allocations were based on Member earnings or account balances, as defined by the Plan document. The benefit to which a Member was entitled was the benefit that could be provided from the Member’s account.

Vesting — A Member was immediately 100% vested upon entering the Plan.

Withdrawals — Members could elect to withdraw all or a portion of their account at any time on or after the day the Member attained age 59-1/2. In the event of illness or injury, if a Member had used all of his or her regular sick leave benefits, the Member could elect to withdraw, subject to Plan requirements, all or a portion of his or her account.

Benefit Payments — On termination of service, a Member could elect to receive a lump-sum amount equal to the value of the Member's vested interest in his or her account, a partial payment amount, or monthly, quarterly, semiannual, or annual installments of a fixed dollar amount. A Member also had the option to elect an annuity contract.

Investment Funds — Upon enrollment in the Plan, Members could direct their share of Company contributions to 18 of the investment funds in the Master Trust. These 18 investment funds consisted of common/collective trusts, separately managed U.S. equity accounts, separately managed non-U.S. equity accounts, and a stable value fund (composed of six synthetic guaranteed investment contracts ("synthetic GICS")). Investment funds were valued daily and Members could elect to change their investment allocations on a daily basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties — The Plan utilized various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Valuation of Investments — Investments in the Master Trust were stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The Master Trust's investments were valued as follows:

- Common stock, including Boeing common stock, preferred stock, and other exchange traded derivatives traded in active markets on national and international exchanges were primarily valued using a market approach based on the closing market prices of identical instruments on the last trading day of the year. The other exchange traded derivatives are included in other receivables and other liabilities on the Master Trust financial statements.
- Forwards and spot currency contracts were valued using spot foreign currency exchange rates if the contract length was two days or less and an interpolated rate was used for any contracts with a length greater than two days. Forwards and spot currency contracts are included in other receivables and other liabilities on the Master Trust financial statements.
- Mutual funds, which are registered investment companies, were valued using a market approach based on quoted market prices to represent the net asset value on the last trading day of the year.

- Investments in common/collective trust funds were valued based on the year-end unit value; unit values were determined by the issuer or Third Party Administrator by dividing the fair values of the total net assets at year-end by the outstanding units. The fair values of the total net assets were determined by the nature of the underlying investments. Each underlying investment was valued at fair value in accordance with the valuation description associated with its investment type. Units in common/collective trust funds, which hold benefit-responsive contracts, were priced based upon fair value of the underlying investment. Funds which hold Guaranteed Investment Contracts (GICs) were fair valued and then adjusted to contract value. The fair value of traditional GICs was determined using a discounted cash flow methodology where the individual contract cash flows are discounted at the prevailing interpolated swap rate as of year-end. The fair values of the fixed-income securities underlying the fund were valued based on the pricing methodology for fixed-income securities stated below. There were no unfunded commitments, no restrictions on redemption frequency, and no advance notice periods required for redemption.
- Synthetic GICs were stated at fair value and then adjusted to contract value. There were no reserves against contract value for credit risk of the contract issuer. The fixed-income securities underlying the contracts were valued using prices provided by SSBT, which are based on the pricing methodology stated below.
- Fixed-income securities, the majority of which are not exchange traded, but are traded in active markets, were primarily valued using a market approach with observable inputs, such as observable trade prices, multiple broker-dealer quotations, related yield curves, and other assumptions about the security (prepayment projections, cash flows, and other security characteristics) and valued as of the last trading day of the year. Fixed-income securities having a delayed future settlement such as To Be Announced securities (TBAs) were valued similarly to fixed-income securities in active markets. TBA's are included in synthetic GICs and payables for securities purchased on the Master Trust financial statements.
- Securities traded in markets that are not considered active could be valued using unobservable inputs, such as less recent trade prices, single broker-dealer quotations, related yield curves, and other assumptions about the security.
- Investments in the limited partnerships were recorded based upon the year-end valuations provided by the partnerships. Among the factors considered by the partnerships in determining the fair value were developments since the acquisition of the underlying investments, the financial condition and operating results of the underlying investments, the long-term potential of each of the underlying investment's businesses, market comparable analysis, the foreign exchange rate for each of the underlying foreign investments, and other factors generally pertinent to the valuation of the underlying investments. There are no unfunded commitments.

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946-210-45 through 946-210-55, the synthetic GICs are included at fair value in participant-directed investments in the statements of net assets available for benefits, and an additional line item is presented representing the adjustment from fair value to contract value. The statement of changes in net assets available for benefits is presented on a contract-value basis.

Purchases and sales of securities were recorded on a trade-date basis. Dividends were recorded on the ex-dividend date. The net appreciation/depreciation in fair values of investments includes both realized and unrealized gains or losses and is calculated as the difference between the fair value of the assets as of the beginning of the plan year or the purchase date in the current year and either the sales price or the end-of-year fair value.

Benefits — Benefits were recorded when paid.

Expenses — Necessary and proper expenses of the Plan were paid from the Plan assets at the Master Trust level, except for those expenses the Company was required by law or chose to pay.

Subsequent Events — Subsequent events were evaluated through June 26, 2012, the date the financial statements were issued.

Recently Adopted Accounting Guidance — In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures*, which amends ASC 820, *Fair Value Measurements and Disclosures*, adding a new disclosure requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis. The requirement was effective for fiscal years beginning after December 15, 2010. The adoption in 2011 did not materially affect the Plan's financial statements.

3. SYNTHETIC GUARANTEED INVESTMENT CONTRACTS

For the period from January 1, 2011 to September 30, 2011, and for the plan year ended December 31, 2010, the Master Trust included the FSP Stable Value Fund (FSP SVF), which was managed by Dwight Asset Management Company LLP ("Dwight"). During 2011, the FSP SVF held six synthetic GICs, issued by Bank of America, ING Life Insurance and Annuity Company, Natixis Financial Products, Pacific Life Insurance Company, Prudential Fixed Income Management, and Royal Bank of Canada (collectively, the "wrap providers").

A synthetic GIC, also known as a wrap contract, is an investment contract issued by an insurance company or other financial institution, backed by diversified bond portfolios that were owned by the FSP SVF. These contracts provided that realized and unrealized gains and losses on the underlying assets were not reflected immediately in the net assets of the FSP SVF, but rather were amortized, at a maximum over the duration of the underlying assets, through adjustments to the future interest-crediting rate. Primary variables impacting the future crediting rate of the wrap contracts included current yield of the underlying assets within the wrap contract, duration of the underlying assets covered by the wrap contract, and the existing difference between market value and contract value of the underlying assets within the wrap contract. The issuer guaranteed that all qualified participant withdrawals would occur at contract value (or book value), which represented contributions made under the contract, plus earnings, less withdrawals made under the contract, and administrative expenses.

The synthetic GICs are included in the Master Trust financial statements at fair value in participant-directed investments in the statements of net assets available for benefits, and an additional line item is presented representing the adjustment from fair value to contract value. There are no reserves against contract value for credit risk of the contract issuer. The fixed-income securities underlying the synthetic GICs were valued using prices provided by SSBT, which were based on the valuation methodology stated in Note 2.

The assets underlying the synthetic GICs were owned by the FSP SVF, which was part of the Master Trust; SSBT is the custodian for the Master Trust assets. The underlying assets of the synthetic GICs were invested in diversified bond portfolios managed by BlackRock Financial Management Inc., ING Investment Management Co., JPMorgan Asset Management, Pacific Investment Management Company, Prudential Fixed Income Management, and Western Asset Management Co. In addition to the diversified bond portfolios, Dwight oversaw an allocation to a cash component, which was invested in SSBT's Short-Term Investment Fund.

The wrap providers were each contractually obligated to pay the principal and specified interest rate that was guaranteed to the FSP SVF, respectively. The respective interest-crediting rates were each based on a formula agreed upon with each issuer; each one could not be less than 0%. Such interest rates were reviewed and reset on a quarterly basis. Synthetic GICs provide prospective crediting interest rates which are adjusted quarterly based on the interest earnings, fair value, and duration of the underlying diversified bond portfolios. The crediting rate of each contract in any given quarter will reflect market experience from the previous quarter. The wrap providers may not terminate the contracts at any amount less than contract value.

Certain events, such as a Plan termination or a Plan merger outside the Master Trust initiated by the Company, could limit the ability of the FSP SVF to transact at contract value or may allow for the termination of the wrapper contract at less than contract value. The transfer of Plan assets to the VIP at September 30, 2011, did not affect the Plan's ability to transact at contract value.

The average yields of the FSP SVF for the period from January 1, 2011 to September 30, 2011, and for the years ended December 31, 2010, are as follows:

	2011	2010
Average yields:		
Based on annualized earnings ⁽¹⁾	1.78 %	2.65 %
Based on interest rate credited to participants ⁽²⁾	2.80	3.18

⁽¹⁾ Computed by dividing the annualized one-day actual earnings of the FSP SVF on the last day of the plan year by the fair value of the investments of the FSP SVF on the same date.

⁽²⁾ Computed by dividing the annualized one-day earnings credited to participants in the FSP SVF on the last day of the plan year by the fair value of the investments of the FSP SVF on the same date.

4. MASTER TRUST

At December 31, 2011, the assets of the following plan comprised the Master Trust:

- The Boeing Company Voluntary Investment Plan

Effective September 30, 2011, The Boeing Company Employee Financial Security Plan was merged into the VIP.

At December 31, 2010, the assets of the following plans were combined in the Master Trust:

- The Boeing Company Voluntary Investment Plan
- The Boeing Company Employee Financial Security Plan

The Plan's interest in the Master Trust was \$0 and \$1,040,594,819 representing 0% and 3% of the Master Trust's net assets at September 30, 2011 and December 31, 2010, respectively.

The Plan's share of the adjustments from fair value to contract value for fully benefit-responsive investment contracts in the Master Trust was \$0 and \$(9,864,962), at September 30, 2011 and December 31, 2010, respectively.

Investment income (loss) for the Plan's interest in the Master Trust for the period from January 1, 2011 to September 30, 2011, is as follows:

Appreciation of investments:	
Common/collective trusts	\$ (39,330,125)
Common and preferred stock	(12,577,246)
Mutual funds	(85,310)
Fixed-income securities	(8,808)
Partnerships	<u>(111,809)</u>
Net depreciation of investments	(52,113,298)
Interest income	6,139,685
Dividend income	<u>1,214,039</u>
Total interest in Master Trust investment income	<u><u>\$ (44,759,574)</u></u>

5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 for financial assets and financial liabilities are described below:

Basis of Fair Value Measurement

Level 1 — Values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — Values are based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in nonactive markets; or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full-term of the asset or liability.

Level 3 — Values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table set forth by level within the fair value hierarchy a summary of the Plan's interest in the Master Trust's investments by classes of assets and liabilities on the basis of the nature and risk of the investments measured at fair value on a recurring basis as of December 31, 2010. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's policy is to recognize significant transfers between levels at the beginning of the reporting period.

	Quoted Prices in Active Market for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
Investment assets:				
Common/collective trusts:				
U.S. equity	\$ -	\$ 242,555,829	\$ -	\$ 242,555,829
Non-U.S. equity		145,475,217		145,475,217
Fixed income		186,917,925		186,917,925
Short term investment		28,045,423		28,045,423
Common and preferred stocks:				
U.S. equity	116,292,023	1,594,116		117,886,139
Non-U.S. equity	4,283,407	4,329,145		8,612,552
Fixed-income securities — corporate bonds		71,814		71,814
Mutual funds — equity	1,832,505			1,832,505
Synthetic GICs:				
U.S. government and agency		118,096,815	795,921	118,892,736
Corporate bonds		77,869,821	146,236	78,016,057
Mortgage backed and asset backed		74,387,943	609,010	74,996,953
Short term investment		30,381,377		30,381,377
Other		6,768,433	20,982	6,789,415
Partnerships			120,877	120,877
Total investment assets	122,407,935	916,493,858	1,693,026	1,040,594,819
Receivables — forward currency contracts		2,600		2,600
Cash equivalents		96,253		96,253
Total financial assets	<u>\$ 122,407,935</u>	<u>\$ 916,592,711</u>	<u>\$ 1,693,026</u>	<u>\$ 1,040,693,672</u>
Investment liabilities:				
TBAs	\$ -	\$ 688,296	\$ -	\$ 688,296
Forward currency contracts		37,372		37,372
Total investment liabilities	<u>\$ -</u>	<u>\$ 725,668</u>	<u>\$ -</u>	<u>\$ 725,668</u>

The Plan's interest in total Master Trust investment assets at fair value classified within Level 3 were \$1,693,026 as of December 31, 2010, which primarily consisted of fixed-income securities underlying the synthetic GIC and an investment in a partnership. Such amounts were 0.16% of "Total investment assets" of the Plan's interest in the Master Trust's statements of net assets available for benefits as of December 31, 2010.

For the period from January 1, 2011 to September 30, 2011 and the year ended December 31, 2010, there were no significant transfers in or out of Levels 1 or 2.

Level 3 Gains and Losses — A summary of changes in the fair value of the Plan's interest in the Master Trust's Level 3 investment assets for the period from January 1, 2011 to September 30, 2011, and the years ended December 31, 2010, are as follows:

	Common and Preferred Stock	Synthetic GIC: Corporate Bonds	Synthetic GIC: U.S. Government and Agency	Synthetic GIC: Mortgage Backed and Asset Backed	Synthetic GIC: Other	Partnerships	Total
Beginning balance — January 1, 2011	\$ -	\$ 146,236	\$ 795,921	\$ 609,010	\$ 20,982	\$120,877	\$ 1,693,026
Transfers into Level 3			146,236				146,236
Transfers out of Level 3		(146,236)					(146,236)
Total gains or losses included in changes in net assets (1)			42,769	(1,434)	531	(32,187)	9,679
Purchases, issuances, sales and settlements:							
Purchases				20,472			20,472
Issuances							
Sales			(83,515)	(90,562)	(1,342)	(37,341)	(212,761)
Settlements							
Transfers out to VIP			(901,411)	(537,485)	(20,171)	(51,349)	(1,510,416)
Ending balance — September 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning balance — January 1, 2010	\$ 16,964	\$ 143,591	\$ -	\$ -	\$ -	\$132,899	\$ 293,454
Net realized and unrealized Gains (losses) (1)	(1,247)	2,645	2,578	2,922	199	80,112	87,209
Net purchases, issuances, And settlements	(15,717)		793,343	606,088	20,783	(92,134)	1,312,363
Net transfers out of Level 3							
Ending balance — December 31, 2010	\$ -	\$ 146,236	\$ 795,921	\$ 609,010	\$ 20,982	\$120,877	\$ 1,693,026

(1) Amounts include accreted interest income on fixed income securities

The Plan's interest in the net unrealized gain (loss) on Level 3 investment assets still held as of December 31, 2010 was \$45 for corporate bonds, \$0 for common and preferred stock, \$0 for other assets, \$239 for U.S. government and agency securities, \$202 for mortgage-backed and asset-backed securities, and \$15,453 for partnerships.

6. DERIVATIVE FINANCIAL INSTRUMENTS

ASC 815, *Derivatives and Hedging*, requires disclosures to enable investors to understand how and why derivatives are used, accounted for, and affect the results of operations and financial position. Derivative instruments held by the Master Trust are not designated as hedging instruments under ASC 815.

As of December 31, 2010, the Master Trust has invested in derivative contracts. The Plan's interest in the Master Trust derivative contracts are reflected on the statement of net assets available for benefits as follows:

	Foreign Currency	Equity	Future Settlement	Total
December 31, 2010				
Assets:				
Synthetic GICs — TBAs	\$ -	\$ -	\$ 449,254	\$ 449,254
Other receivables:				
Forward contracts	2,600			2,600
Futures	<u>209</u>	<u>4,022</u>		<u>4,231</u>
Total assets	<u>\$ 2,809</u>	<u>\$ 4,022</u>	<u>\$ 449,254</u>	<u>\$ 456,085</u>
Liabilities:				
Other liabilities:				
Forward contracts	\$ 37,372	\$ -	\$ -	\$ 37,372
Futures		13,733		13,733
Payable for securities purchased — TBAs			<u>688,296</u>	<u>688,296</u>
Total liabilities	<u>\$ 37,372</u>	<u>\$ 13,733</u>	<u>\$ 688,296</u>	<u>\$ 739,401</u>

Realized gains and losses and the change in unrealized gains and losses are reflected in the Master Trust's statement of changes in net assets available for benefits as net appreciation or depreciation in the fair value of investments. The Plan's interest in the effect of derivative contracts realized gains and losses and the change in unrealized gains and losses for the year ended December 31, 2011, is reflected in the following table:

Net gains (losses):			
Forward contracts	\$ (26,307)	\$ -	\$ (26,307)
Futures	<u>(240)</u>	<u>56,471</u>	<u>56,231</u>
Total net gains (losses)	<u>\$ (26,547)</u>	<u>\$ 56,471</u>	<u>\$ 29,924</u>

TBAs are included in the Synthetic GICs and are adjusted to contract value. As such, there is no gain/(loss) on the statement of changes in net assets available for benefits related to TBAs.

The following table summarizes the gross notional value of derivative contracts outstanding as of December 31, 2010. The gross notional amounts give an indication of the volume of the Plan's interest in the Master Trust's derivative activity and significantly exceed the net notional value of the derivative investments, which is more representative of the economic exposure associated with derivatives in the Master Trust.

	Foreign Currency	Equity	Future Settlement	Total
December 31, 2010				
Forward contracts	\$ 613,206	\$ -	\$ -	\$ 613,206
Futures	37,496	4,498,102		4,535,598
TBAs			139,579,475	139,579,475
Total	<u>\$ 650,702</u>	<u>\$ 4,498,102</u>	<u>\$ 139,579,475</u>	<u>\$ 144,728,279</u>

Derivatives are generally used to achieve the desired market exposure of a security, index, or currency, or adjust portfolio duration. Derivative contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors. Refer to Note 2 for further description of how derivative instruments are valued. Certain cash instruments, such as mortgage-backed TBAs, meet the definition of a derivative instrument under GAAP. A derivative instrument could be a contract negotiated on behalf of the Master Trust and a specific counterparty; this would typically be referred to as an "OTC contract," such as forward contracts and TBAs. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as "exchange traded."

Inherent in the use of OTC derivatives, the Master Trust is exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract. As of December 31, 2010, the Master Trust counterparty risk was not deemed to be significant, when evaluating counterparty exposure outright with each counterparty.

Foreign Currency Risk — Currency risk is the risk of a change in market value due to the change in foreign currency exchange rates. Generally, currency futures and forward contracts are used to achieve the desired currency exposure, or generate value-added performance. Foreign currency futures and forwards are agreements between two parties to buy and sell a set of currencies at a set exchange rate on a specified future date.

Equity Risk — Equity risk is the risk of a change in market value of assets due to the change in equity or equity index prices. Equity futures are generally used to achieve the desired market exposure of a security or index or rebalance the total portfolio to the target asset allocation. An equity futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date.

Future Settlement Risk — Future settlement risk is the risk of not receiving the asset or associated gains specified in the contract. Associated gains are derived from the change in market value of the contract due to a change in price of the underlying security. Mortgage TBAs are used to achieve the desired market exposure of a security or asset class or adjust portfolio duration. A TBA is a contract for the purchase or sale of agency mortgage-backed securities to be delivered at a future agreed-upon date.

The disclosures included in this footnote were omitted from the previously issued 2010 financial statements.

7. INFORMATION CERTIFIED BY THE TRUSTEE

As a result of the Plan administrator's election of the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the following unaudited information relating to investments as of and for the period from January 1, 2011 to September 30, 2011, included in the financial statements was prepared by the trustee of the Plan and furnished to the Plan administrator. The Plan administrator has obtained certifications from the trustee that such information is complete and accurate. This information has not been audited by the Plan's independent auditors as instructed by the Plan administrator.

- Fair value of investments as of September 30, 2011, as indicated in the statement of net assets available for benefits
- Net Master Trust activity for the period from January 1, 2011 to September 30, 2011, as indicated in the statement of changes in net assets available for benefit
- Information contained within Notes 3 and 4 to the financial statements for the period from January 1, 2011 to September 30, 2011

8. PLAN AMENDMENTS

Effective September 30, 2011, all assets and liabilities of the Plan, totaling \$934,136,088, were transferred to the VIP. The provisions of the Plan ceased to apply as of September 30, 2011. After the transfer, accrued benefits will be held, invested, and distributed in accordance with the terms of the VIP. Members should refer to the Plan document for details.

Effective December 14, 2010, the Plan was amended to comply with the Heroes Earnings Assistance and Relief Tax Act of 2008. Members should refer to the Plan document for details.

9. SIGNIFICANT INVESTMENTS

At September 30, 2011, prior to its transfer to VIP, and at December 31, 2010, the Plan's investment in the Master Trust represented 5% or more of the Plan's net assets available for benefits.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2010, to Form 5500. Due to the transfer of assets of the Plan as of September 30, 2011, there were no assets available for benefits at September 30, 2011.

	2011	2010
Net assets available for benefits per the financial statements	\$ -	\$ 1,030,729,857
Amounts allocated to withdrawing Members		(9,843)
Adjustment from contract value to fair value for fully benefit-responsive investment contracts		<u>9,864,962</u>
Net assets available for benefits per Form 5500	<u>\$ -</u>	<u>\$ 1,040,584,976</u>

The following is a reconciliation of total deductions per the financial statements for the period from January 1, 2011 to September 30, 2011, to total income per Form 5500:

Statement of changes in net assets available for benefits:	
Total net (deductions) additions per the financial statements	\$(45,944,857)
Adjustment from contract value to fair value for fully benefit-responsive investment contracts — December 31, 2010	<u>(9,864,962)</u>
Total income per Form 5500	<u>\$(55,809,819)</u>

The following is a reconciliation of benefits paid to Members per the financial statements for the period from January 1, 2011 to September 30, 2011, to Form 5500:

Benefits paid to Members per the financial statements	\$50,648,912
Amounts allocated to withdrawing Members — December 31, 2010	<u>(9,843)</u>
Benefits paid to Members per Form 5500	<u>\$50,639,069</u>

Amounts allocated to withdrawing Members are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as of that date.

11. RELATED-PARTY TRANSACTIONS

Certain Master Trust investments were managed by SSBT. SSBT was the trustee as defined by the Plan and, therefore, these transactions qualified as party-in-interest transactions. The investment management fees for the Plan were paid at the Master Trust level and included as a reduction of the return on each investment.

12. TAX STATUS

The Internal Revenue Service (IRS) had determined and informed the Company by a letter, dated June 23, 2011, that the Plan was designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan was amended since receiving the determination letter; however, the Plan administrator believed that the Plan was designed and was being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan administrator believed the Plan's tax-exempt status has not been affected and no provision for income taxes was included in the Plan's financial statements.

GAAP required Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan had taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that for the period from January 1, 2011 to September 30, 2011, and as of December 31, 2010, there were no uncertain tax positions taken or expected to be taken that would have required recognition of a liability (or asset) or disclosure in the financial statements. The Plan was subject to routine audits by taxing jurisdictions; however, there were no audits for any tax periods in progress. The Plan administrator believed it is no longer subject to income tax examinations for years prior to 2005.

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