

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 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</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>AVIALL, INC. RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ▶ <u>001</u>	1c Effective date of plan <u>01/01/1994</u>	
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO</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>65-0433083</u>	2c Sponsor's telephone number <u>972-586-1810</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.	09/20/2013	CURTIS BRUSTO
	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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
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
5 Total number of participants at the beginning of the plan year		5 3030
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 1141	
b Retired or separated participants receiving benefits.....	6b 840	
c Other retired or separated participants entitled to future benefits.....	6c 934	
d Subtotal. Add lines 6a , 6b , and 6c	6d 2915	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 150	
f Total. Add lines 6d and 6e	6f 3065	
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 31	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1G 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (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) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>AVIALL, INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO</u>	D Employer Identification Number (EIN) <u>65-0433083</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2012</u>	
2 Assets:	
a Market value	2a <u>118156632</u>
b Actuarial value	2b <u>120046998</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>983</u> <u>35324987</u>
b For terminated vested participants.....	3b <u>944</u> <u>15325067</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>6052665</u>
(2) Vested benefits.....	3c(2) <u>40450318</u>
(3) Total active	3c(3) <u>1152</u> <u>46502983</u>
d Total	3d <u>3079</u> <u>97153037</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>7.08 %</u>
6 Target normal cost.....	6 <u>5201762</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>07/02/2013</u>
Signature of actuary		Date
<u>BENJAMIN P HAGAN</u>		<u>11-07189</u>
Type or print name of actuary		Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>		<u>214-530-4200</u>
Firm name		Telephone number (including area code)
<u>500 N. AKARD STREET, SUITE 4100</u> <u>DALLAS, TX 75201</u>		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	15220710	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	3963608	0
9 Amount remaining (line 7 minus line 8)	11257102	0
10 Interest on line 9 using prior year's actual return of <u>-0.02</u> %	-2251	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b Interest on (a) using prior year's effective interest rate of <u>6.33</u> % except as otherwise provided (see instructions)		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	11254851	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	111.98 %
15 Adjusted funding target attainment percentage	15	123.56 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	100.54 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
06/28/2013	13000000	0			
			Totals ►	18(b)	13000000 18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	11738926
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd
0	0	0
		(4) 4th
		0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	5201762	
b Excess assets, if applicable, but not greater than line 31a	31b	5201762	
32 Amortization installments:	Outstanding Balance		
a Net shortfall amortization installment	0	0	
b Waiver amortization installment		0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	11738926	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	11738926	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan AVIALL, INC. RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO	D Employer Identification Number (EIN) 65-0433083	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON DELAWARE INC.

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 17 50 70	NONE	347631	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

THE BOEING CO AND CONSOLIDATED SUBS

91-0425964

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 14 28	PARENT COMPANY	7620	Yes ☒ No ☐	Yes ☐ No ☒	6	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

<div>SCHEDULE D (Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2012</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012					
A Name of plan AVIALL, INC. RETIREMENT PLAN				B Three-digit plan number (PN) ▶ 001	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO				D Employer Identification Number (EIN) 65-0433083	
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)					
a Name of MTIA, CCT, PSA, or 103-12 IE: TBCERP MASTER TRUST					
b Name of sponsor of entity listed in (a): THE BOEING CO. & CONSOLIDATED SUBS					
c EIN-PN 91-0425694-062		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 128547291	
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)	

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

Schedule D (Form 5500) 2012 v. 120126

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

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan AVIALL, INC. RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO	D Employer Identification Number (EIN) 65-0433083	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a	105380605	0
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	13000000	13000000
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)	146	0
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)	0	128547291
	(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	118380751	141547291

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	24181	79365
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	24181	79365

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	118356570	141467926
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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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	13000000	
(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)		13000000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(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)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		14360722
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		0
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		27360722

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3785186	
(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)		3785186
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)	348619	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	6632	
(4) Other	2i(4)	108929	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		464180
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4249366

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		23111356
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

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: MOSS ADAMS LLP

(2) EIN: 91-0189318

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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	
4c			
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	
4d			
e Was this plan covered by a fidelity bond?	X		95000000
4e			
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	
4f			
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	
4g			
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	
4h			
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	
4i			
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	
4j			
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	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
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)

	5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information 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). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>AVIALL, INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO</u>	D Employer Identification Number (EIN) <u>65-0433083</u>

Part I	Distributions
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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	<u>0</u>
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): <u>04-3581074</u>		
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	<u>0</u>

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)
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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
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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
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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.
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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

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 31.0% Investment-Grade Debt: 44.0% High-Yield Debt: 2.0% Real Estate: 4.0% Other: 19.0%

- 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 line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):



Report of Independent Auditors
and Financial Statements for

Aviall, Inc. Retirement Plan

December 31, 2012 and 2011

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

REPORT OF INDEPENDENT AUDITORS

To the Aviall Compensation and Benefits Committee
Aviall, Inc. Retirement Plan

Report on Financial Statements

We have audited the accompanying financial statements of Aviall, Inc. Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years ended December 31, 2012 and 2011, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the years ended December 31, 2012 and 2011, in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Seattle, Washington
September 19, 2013

AVIALL, INC. RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Investments at fair value - interest in Master Trust	<u>\$ 128,547,291</u>	<u>\$ -</u>
Cash	<u>-</u>	<u>105,380,605</u>
Receivables		
Employer contribution receivable	13,000,000	13,000,000
Accrued income	<u>-</u>	<u>146</u>
Total receivables	<u>13,000,000</u>	<u>13,000,146</u>
Total assets	141,547,291	118,380,751
LIABILITIES		
Administrative expenses payable	<u>79,365</u>	<u>24,181</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 141,467,926</u></u>	<u><u>\$ 118,356,570</u></u>

AVIALL, INC. RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ADDITIONS		
Investment income (loss)		
Net investment income from Master Trust	\$ 14,360,722	\$ -
Net (depreciation) in fair value of investments	-	(1,205,321)
Dividend income	-	1,183,738
Interest income	-	1,712
Other income	-	148,250
Net investment income	<u>14,360,722</u>	<u>128,379</u>
Employer contributions	<u>13,000,000</u>	<u>13,000,000</u>
Total additions	<u>27,360,722</u>	<u>13,128,379</u>
DEDUCTIONS		
Benefits paid to participants	3,785,186	3,640,962
Administrative and investment expenses	<u>464,180</u>	<u>807,620</u>
Total deductions	<u>4,249,366</u>	<u>4,448,582</u>
NET INCREASE	23,111,356	8,679,797
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>118,356,570</u>	<u>109,676,773</u>
End of year	<u>\$ 141,467,926</u>	<u>\$ 118,356,570</u>

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 1 - Description of the Plan

The following description of the Aviall, Inc. Retirement Plan (the "Plan") provides only general information. Eligible participants, as defined by the Plan, should refer to the Plan document for a more complete description of the Plan's provisions.

General - The Plan was established effective January 1, 1994, in accordance with and subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan was created as a result of the spin-off by Ryder System, Inc. of its aviation segment to form Aviall, Inc. ("Aviall" or the "Company") as of December 7, 1993. All employees of Aviall who were also participants in the Ryder Retirement Plan were automatically enrolled in the Plan. On September 30, 2006, The Boeing Company ("Boeing") purchased Aviall and by resolution of the sponsoring Company's Board of Directors designated the Employee Benefit Plans Committee of Boeing as the administrator of the Plan and delegated authority respecting investment, reinvestment, and management of the assets of the Plan to the Employee Benefits Investment Committee ("EBIC") of Boeing. Effective January 1, 2012, the Aviall Compensation and Benefits Committee was designated as the administrator of the Plan.

The Plan is a defined benefit plan covering all eligible nonbargained exempt and nonexempt employees of the Company, except independent contractors, independent consultants, nonresident aliens, and leased employees. To be eligible for participation in the Plan, an employee must be at least 21 years of age and must have completed 1,000 hours of service in a 12-month consecutive period.

Effective January 3, 2012, assets of the Plan totaling \$105,380,751 were transferred to The Boeing Company Employee Retirement Plans Master Trust (the "Master Trust"). JPMorgan Chase ("JPM") serves as the trustee (the "Trustee") for the Master Trust.

Pension Benefits - Pension benefits are generally determined based on years of service, compensation, and the participant's annual benefit accrual as defined in the Plan document. Participants become fully vested upon completion of five years of credited service and are eligible for normal retirement at age 65.

Participants may elect early retirement after attaining age 55 if ten years of continuous service has been completed. Upon such election, the participant's benefits are decreased for each month the participant's age at early retirement precedes age 65. Employees may select the form of benefit payment from various actuarially equivalent annuity options. Certain enhanced benefits are available to participants of record as of September 20, 2006 under change in control provisions.

Death and Disability Benefits - Participants who are 100% vested and who are totally and permanently disabled are eligible for Plan disability benefits if they are actively employed at the time they suffer the disability, have reached age 45, and have accrued at least 15 years of continuous service.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 1 - Description of the Plan (Continued)

If a vested participant dies prior to the payment of benefits from the Plan, then an eligible spouse is entitled to a qualified pre-retirement survivor annuity. Generally, the qualified pre-retirement survivor annuity is a monthly retirement income payable for the life of the spouse in an amount equal to 50% of the amount the vested participant would have received if the participant had survived to the earliest commencement date and elected to receive a benefit under the 50% joint and survivor annuity option. The amount of the death benefit depends upon whether the participant was a current employee, former employee, or a retiree on the participant's date of death and whether the participant's death occurred before or after the participant was eligible for retirement under the Plan.

Contributions - Contributions to provide benefits under the Plan are made solely by the Company. The Company's funding policy is to make cash contributions to the Plan in amounts as determined by the Plan's independent actuary to meet the minimum statutory funding requirements of ERISA. The Company met the minimum funding requirements of ERISA and no contributions were required under ERISA for the years ended December 31, 2012 and 2011.

Although no contributions were required under ERISA after full consideration of the available plan credit balance, discretionary contributions of \$13,000,000 were made for the years ended December 31, 2012 and 2011.

Plan Termination - Although it has not expressed any intention to do so, the Company has the right under the Plan, in certain circumstances, to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event the Plan is terminated, the net assets of the Plan will be allocated for payment of Plan benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations thereunder, and the Plan document.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive their benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC. Some benefits may be fully or partially provided by the then existing assets and the PBGC guaranty while other benefits may not be provided at all.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Accumulated Plan Benefits - The actuarial present value of accumulated plan benefits ("PVAB") information in Note 3 is presented as of the beginning of the Plan year, as allowed by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 960, *Plan Accounting — Defined Benefit Pension Plans*.

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

Risks and Uncertainties - The Master Trust utilizes various investment instruments. Investment instruments, 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 such changes could materially affect the amounts reported in the financial statements.

Plan contributions are made and the actuarial PVAB is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Valuation of Investments and Investment Income - Investments in the Master Trust are 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. Securities traded in markets that are not considered active may be valued using unobservable inputs, such as less recent trade prices, single broker-dealer quotations, related yield curves, and other assumptions about the security.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

The Master Trust's investments are valued as follows:

- Fixed-income securities are primarily valued using a market approach using matrix pricing, which considers a security's relationship to other securities for which quoted prices in an active market may be available, or alternatively based on an income approach, which uses valuation techniques to convert future cash flows to a single present value amount. The valuation approach is designed to maximize the use of observable inputs, such as observable trade prices, multiple broker-dealer quotations, related yield curves, and other assumptions about the security (prepayment projections, cash flows, other security characteristics, etc.) and minimize unobservable inputs. The securities are valued as of the last trading day of the year. Fixed-income instruments that have a delayed future settlement such as to-be-announced securities ("TBAs") and treasury forwards are valued similarly to fixed-income securities in active markets. The unrealized market appreciation or depreciation is included in other receivables and other liabilities on the Master Trust's statements of net assets.
- Common and preferred stock and other investments (rights, warrants, exchange-traded funds ("ETFs"), exchange-traded options, and other exchange-traded derivatives) traded in active markets on national and international exchanges are primarily valued using a market approach based on the closing market prices of identical instruments on the last trading day of the year.
- Mutual funds, which are registered investment companies, are valued using quoted market prices to represent the net asset value at year-end.
- Investments in funds that do not have readily determinable fair value and meet the criteria of investment companies are valued using the net asset value ("NAV"), which is based on the value of underlying investments, as the practical expedient or its equivalent, such as member units or membership units in partners' capital to which a proportionate share of net assets is attributed. The NAV measurement may be adjusted to estimate net asset value per share for the investment in a manner consistent with measurement principles for investment companies. Such adjustment may be warranted if reported NAV is not calculated in a manner consistent with measurement principles for investment companies or if the NAV is not reported as of the Master Trust's balance sheet date. There were no adjustments in 2012.
 - Investments in common/collective trusts/pooled funds ("CCTs") are valued based on the year-end unit value. Unit values are determined by the issuer or third-party administrator ("TPA") by dividing the fair values of the total net assets at year-end by the outstanding units.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

- Private equity investments structured via limited partnership and limited liability corporation vehicles are recorded based upon year-end valuations. Year-end valuations of these vehicles, which represent the unit of account, are determined by the general partner and reflected in the audited financial statements. Where necessary, adjustments may be made to general partner valuations to reflect fair value when such valuations are inconsistent with NAV practical expedient criteria.
- Real estate and real asset investments via commingled funds and insurance company pooled separate accounts are recorded based upon the year-end valuations provided by the investment manager.
- Global strategies are primarily limited liability company ("LLC") structures. The LLCs are primarily valued using a market approach relative to the underlying holdings of the fund. The NAV of the funds is calculated by the fund or its TPA.
- Hedge funds consist of fund-of-fund structures and direct hedge funds. The fund-of-fund structures are primarily valued using a market approach based on NAVs calculated by the fund and are not publicly available. Direct hedge fund NAVs are based on valuation of the underlying holdings.
- Securities sold short (included in other liabilities in the Master Trust's financial statements) represent obligations of the Master Trust to deliver the specified security and thereby create a liability to purchase the security at prevailing prices. Securities sold short are valued based on the fair value of securities sold as described above.
- Other investments include over-the-counter ("OTC") priced derivatives, such as options and swap contracts. These derivatives are valued based upon the expected amount that the Master Trust would receive or pay to exit the derivative at the reporting date. The valuation methodology uses the income approach and relies on inputs, including, but not limited to, benchmark yields, swap curves, cash flow analysis, ratings updates, and interdealer broker rates. Credit risk of the derivative counterparties is offset by collateralizing the expected amount that the Master Trust would receive or pay to terminate the derivative.
- Cash equivalents and other short-term investments include certificates of deposits, treasury bills, and discounted notes with original maturities of three months or less for cash equivalents and greater than three months, but less than one year, for short-term investments. These investments are primarily valued using a market approach in the same manner as fixed-income securities referenced above. In the event that an instrument with an original maturity of less than three months does not have a market price, then those investments are valued at amortized cost, which approximates fair value.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

- Forward and spot currency contracts are valued using a market value approach based on spot foreign currency rates if the contract tenor is two days or less and interpolated forward rates for any contracts with a tenor greater than two days. Forward and spot currency contracts are included in other receivables and other liabilities on the Master Trust's statements of net assets.
- Investments at contract value are investment contracts valued at cost, plus accumulated earnings thereon, computed in accordance with contract formulas, less expenses.

Net investment income from Master Trust reflected in the 2012 statement of changes in net assets includes the Master Trust's investment realized gain or loss, change in unrealized appreciation or depreciation in fair value of investments, interest income, and dividend income, less administrative expenses. The change in unrealized appreciation or depreciation in fair value of investments is calculated as the difference between the fair value of the investments as of the beginning of the Plan year or the purchase date in the current Plan year and the end-of-year fair value.

Net depreciation in fair value of investments reflected in the 2011 statement of changes in net assets consists of realized gains and losses and unrealized appreciation and depreciation on investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date.

Valuation Control Processes - Plan management has control processes that are designed to ensure that fair value measurements used by the Master Trust are appropriate and reliable, that they are based on observable inputs wherever possible and that the valuation approaches are consistently applied and the assumptions used are reasonable. The control processes consist of a framework that provides for oversight of the fair value methodologies and valuations, as well as validation procedures.

The board of directors of Boeing has delegated the fiduciary oversight of Plan assets over various retirement plans held within the Master Trust structures to the EBIC. The EBIC has sub-delegated this responsibility to the Chief Investment Officer ("CIO"), who manages the Trust Investments group and chairs the Valuation Committee. The Trust Investments group is responsible for the oversight of the Plan assets including selection and monitoring of investment managers, asset strategies, and risk management. The Valuation Committee is responsible for the oversight of the valuation practices of the Master Trust and is represented by members of the Trust Investment group including risk management and trust operations, public markets, private markets, and investment strategy. The Valuation Committee meets at least quarterly with the purpose of fulfilling the following responsibilities and provides an annual review to the EBIC of its findings and actions:

- Review and approve annually the valuation practices, including those used by third parties.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

- Review and approve the year-end valuations, including the methods used to develop and substantiate the unobservable inputs used in the fair value measurement.
- Review analysis and benchmarks used by Boeing and the Master Trust to assess the reasonableness of the year-end valuations and changes in fair value measurements from period to period.
- Review and approve annual financial statement disclosures of the investments held in the Master Trust.

Investments in funds are generally valued using the NAV or its equivalent. This includes limited partnerships, hedge funds and other commingled investments. Valuations provided by the funds are reviewed at least quarterly. The asset manager's audited financial statements are used in the Master Trust's annual financial reporting process, where applicable. Assessments of reasonableness include regular asset manager meetings and review of quarterly reports, third-party reviews and reconciliations, which includes escalation to Trust Investments for exceptions, quarterly CIO investment reviews, and reviews of manager valuation policies. Valuation policies are reviewed when a new mandate is entered into with an asset manager, on a rolling three-year basis for existing managers, or as changes to policies are provided by managers.

Fixed income, equity and derivative instruments are generally valued using valuations obtained from pricing vendors. Pricing vendor valuation methodologies and custodian pricing controls and related documentation are assessed for reasonableness on an annual basis. The pricing vendor due diligence process includes reviews of pricing controls and procedures as well as discussions in order to maintain a current understanding on the valuation processes and related assumptions and inputs that may be used by the vendors to price instruments. The custodian due diligence process includes reviews of pricing controls and procedures that are carried out on the Master Trust's behalf. This includes various levels of tolerances checks on price changes, review of stale or unchanged prices, multi-price source comparisons, and vendor price challenges. Additionally, on a monthly basis, the custodian reconciles its valuations to valuations obtained from each investment manager and any exceptions are reported to Trust Investments for resolution, which may include escalation to the Valuation Committee.

Benefits - Benefits are recorded when paid.

Administrative Expenses - Necessary and proper expenses of the Plan are paid from Plan assets, at both the Plan and Master Trust levels, except for those expenses the Company is required by law or chooses to pay.

Subsequent Events - Subsequent events were evaluated through September 19, 2013, the date the financial statements were available to be issued.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Standards - In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which amends ASC 820, *Fair Value Measurements and Disclosures*, as of the beginning of the year ended December 31, 2012 (see Note 5). ASU No. 2011-04 is effective for financial statements issued for fiscal years beginning after December 15, 2011 and expands certain disclosures about fair value measurements. The ASU requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. It provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs. The effect of the adoption of ASU No. 2011-04 had no impact on the statement of net assets available for benefits and statement of changes in net assets available for benefits.

Recent Accounting Guidance Not Yet Adopted - In December 2011, the FASB issued ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*, which was subsequently modified in January 2013, by ASU No. 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. ASU No. 2011-11 has requirements that are disclosure-only in nature. It requires disclosures about offsetting and related arrangements for certain financial instruments and derivative instruments, including gross and net information and evaluation of the effect of netting arrangements on the statement of financial position. The Plan does not expect the provisions of this ASU, which are effective beginning January 1, 2013, to have a material impact on the Plan's financial statements.

Note 3 - Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments and lump-sum distributions attributable under the Plan's provisions to service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to:

1. Retired or terminated participants or their beneficiaries
2. Beneficiaries of deceased participants
3. Disabled participants
4. Active participants or their beneficiaries

The actuarial PVAB is determined by an independent actuary and is the sum of accumulated benefits adjusted to reflect the probability of payment (by means of decrements, such as for death, disability, termination or retirement) and the time value of money (through discounts for interest) between the valuation date and the expected date of payment.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 3 - Accumulated Plan Benefits (Continued)

Significant actuarial assumptions underlying the actuarial computations in the 2012 and 2011 valuations were as follows:

Interest rate	7.75% for 2012 and 8.50% for 2011
Retirement	Average age at retirement is 61 years
Mortality basis	RP2000 healthy mortality tables for males and females projected 15 years with AA Scale

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial PVAB.

The actuarial PVAB as of January 1, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Vested benefits:		
Participants and beneficiaries currently receiving payments	\$ 34,303,450	\$ 30,536,848
Other participants	49,957,362	42,129,299
Total vested benefits	<u>84,260,812</u>	<u>72,666,147</u>
Nonvested benefits	<u>5,528,048</u>	<u>4,271,562</u>
Total actuarial PVAB	<u><u>\$ 89,788,860</u></u>	<u><u>\$ 76,937,709</u></u>

The changes in actuarial PVAB for the year ended January 1, 2012 are as follows:

Total actuarial PVAB at January 1, 2011	<u>\$ 76,937,709</u>
Additional benefits accumulated	3,174,361
Actuarial gains	(617,046)
Increase for interest due to decrease in the discount period	6,654,785
Benefits paid	(3,640,962)
Change of assumptions	<u>7,280,013</u>
Net increase	<u>12,851,151</u>
Total actuarial PVAB at January 1, 2012	<u><u>\$ 89,788,860</u></u>

Change of assumptions represents the effect of the change of interest rate used in the valuation.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 4 - Master Trust

The Master Trust facilitates the commingling of employee benefit plan assets for investment and administrative purposes.

Assets are invested in accordance with the Master Trust's investment policy. The Master Trust consists of the Investment Control Pool (the "IC Pool") and four plan-specific pools. The IC Pool contains the majority of the assets of the participating plans and is diversified among various asset classes. These assets are invested in individual investment accounts, separately held assets and investments held in various types of funds, all of which are managed in accordance with established investment guidelines.

The plan-specific pools hold investment contracts established to benefit participants in specific plans.

At December 31, 2012, the assets of the following plans (collectively, the "Plans") were combined in the Master Trust:

- The Boeing Company Employee Retirement Plan
- Non-Contributory Retirement Plan
- Boeing North American Retirement Plan
- BSS Retirement Plan
- BSS Retirement Plan for Bargained Employees
- Employee Retirement Income Plan — Hourly West
- Employee Retirement Income Plan — Hourly East
- The Pension Value Plan for Employees of The Boeing Company
- The Plan

At December 31, 2011, the assets of the above plans, excluding the Plan, were combined in the Master Trust. Effective January 3, 2012, assets of the Plan totaling \$105,380,751 were transferred to the Master Trust. Effective on that date, JPM became the trustee, and the assets were combined in the Master Trust.

The Plans can own a beneficial interest in one or more of the various investment pools.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 4 - Master Trust (Continued)

On a daily basis, the Plans may have contributions, withdrawals, asset transfers (in combination with a liability transfer), and/or expense charges. The trustee calculates a market value for each plan for each day of the month. At month-end, these "dollar days" are aggregated to determine a daily dollar-weighted-average market value for each participating plan in the IC Pool for the prior month. This average is then used to allocate to each participating plan its share of realized gains/losses, unrealized appreciation/depreciation, income, and share expenses in the IC Pool in order to arrive at each plan's ending beneficial interest in the IC Pool. Similarly, the trustee calculates a participating factor in the insurance contract pools, which are associated with a single plan. All expenses that are plan specific are automatically recorded on that basis. A plan's total participation in the Master Trust is the sum of the beneficial interests it owns in the various pools.

The Plan's interest in the Master Trust was \$128,547,291 representing 0.23% of the Master Trust's net assets as of December 31, 2012.

The value of net assets within the Master Trust at December 31, 2012 is as follows (dollars in millions):

Investments at fair value:

Fixed-income securities

Corporate	\$ 14,362
U.S. government and agency	5,162
Mortgage backed and asset backed	752
Municipal	1,770
Sovereign	1,049
Common/collective trusts/pooled funds	2,196
Total fixed-income securities	<u>25,291</u>

Global equities:

Common and preferred stock — non-U.S.	7,910
Common and preferred stock — U.S.	6,592
Common/collective trusts/pooled funds	2,155
Total global equities	<u>16,657</u>

Private equities	3,015
Real estate	2,191
Real assets	766
Global strategies	2,150
Hedge funds	2,747
Other investments	35
Short-term investments	346
Total investments at fair value	<u>53,198</u>

Investments at contract value	<u>219</u>
Total Master Trust investments	<u>53,417</u>

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 4 - Master Trust (Continued)

Receivables:		
Accrued investment income	\$	280
Receivables for securities sold		107
Securities purchased with an agreement to resell		104
Other receivables		88
Total receivables		<u>579</u>
Cash and cash equivalents		<u>2,363</u>
Total assets		<u>56,359</u>
Liabilities:		
Payables for securities purchased		131
Investment and administrative expense		48
Other liabilities		162
Total liabilities		<u>341</u>
Total Master Trust net assets	\$	<u><u>56,018</u></u>

Changes in net assets for the Master Trust for the year ended December 31, 2012 is as follows (dollars in millions):

Net appreciation (depreciation) in fair value of investments:

Investments at fair value as determined by quoted market price:

Fixed-income securities:

 Common/collective trusts/pooled funds \$ 2

Global equities:

 Common and preferred stock — non-U.S. 1,105

 Common and preferred stock — U.S. 774

 Common/collective trusts/pooled funds (23)

Other investments 263

2,121

Investments at estimated fair value:

Fixed-income securities:

 Corporate 1,203

 U.S. government and agency 92

 Mortgage backed and asset backed 48

 Municipal 151

 Sovereign 57

 Common/collective trusts/pooled funds 128

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 4 - Master Trust (Continued)

Global equities:		
Common and preferred stock — non-U.S.	\$	1
Common and preferred stock — U.S.		(3)
Common/collective trusts/pooled funds		372
Private equities		319
Real estate		150
Real assets		48
Global strategies		46
Hedge funds		187
Other investments		29
Short-term investments		2
Net appreciation in fair value of investments		<u>4,951</u>
Interest income		1,142
Dividend income		<u>453</u>
Total Master Trust investment income		6,546
Trustee and investment management fees		<u>(153)</u>
Net investment income from Master Trust		6,393
Amounts received from participating plans		1,520
Transfer in		105
Amounts paid to participating plans		<u>(2,696)</u>
Increase in net assets		5,322
Net assets:		
Beginning of the year		<u>50,696</u>
End of the year	\$	<u><u>56,018</u></u>

Net appreciation or net depreciation on cash and cash equivalents (due to fluctuations in foreign currency rates) is included within the appreciation on other investments.

Securities Purchased with an Agreement to Resell - Resale agreements are treated as financing arrangements as a receivable in the Master Trust's financial statements and are carried at contract amounts reflective of the amounts at which the securities will be subsequently resold, as specified in the respective agreements. Resale agreements are collateralized by high quality, fixed-income securities. The Master Trust's policy is to take physical possession or control of the securities purchased under agreements to resell, and is permitted by contract to sell or repledge. The Master Trust monitors the market value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. At December 31, 2012, the fair value of the securities pledged as collateral for resale agreements of \$103,600,000 was \$122,626,201.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 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 and 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 markets that are not active; 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.

Fair value is a market-based measure considered from the perspective of a market participant who owns an asset or owes a liability. Accordingly, when market observable data is not readily available, assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. Prices and inputs are used that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

AVIALL, INC. RETIREMENT PLAN
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DECEMBER 31, 2012 AND 2011

Note 5 - Fair Value of Financial Assets and Financial Liabilities (Continued)

The following tables set forth by level within the fair value hierarchy a summary of Master Trust investments by classes of assets and liabilities measured at fair value on a recurring basis as of December 31, 2012. 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 (dollars in millions).

	Financial Assets and Liabilities at Fair Value as of December 31, 2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2012
Financial assets:				
Investments:				
Fixed-income securities:				
Corporate	\$ -	\$ 14,359	\$ 3	\$ 14,362
U.S. government and agency	-	5,162	-	5,162
Mortgage backed and asset backed	-	192	560	752
Municipal	-	1,770	-	1,770
Sovereign	-	1,049	-	1,049
Common/collective trusts/pooled funds	-	2,196	-	2,196
Total fixed-income securities	-	24,728	563	25,291
Global equities:				
Common and preferred stock — non-U.S.	7,910	-	-	7,910
Common and preferred stock — U.S.	6,589	-	3	6,592
Common/collective trusts/pooled funds	311	1,844	-	2,155
Total global equities	14,810	1,844	3	16,657
Private equities	-	-	3,015	3,015
Real estate	-	-	2,191	2,191
Real assets	-	119	647	766
Global strategies	-	2,150	-	2,150
Hedge funds	-	1,267	1,480	2,747
Other investments	1	34	-	35
Short-term investments	-	346	-	346
Total investments	14,811	30,488	7,899	53,198
Receivables:				
Forward currency contracts	-	64	-	64
Other receivables	3	9	-	12
Total receivables	3	73	-	76
Cash equivalents	2,224	90	-	2,314
Total financial assets	\$ 17,038	\$ 30,651	\$ 7,899	\$ 55,588
Financial liabilities:				
Forward currency contracts	\$ -	\$ 54	\$ -	\$ 54
Other liabilities	17	32	-	49
Total financial liabilities	\$ 17	\$ 86	\$ -	\$ 103

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 5 - Fair Value of Financial Assets and Financial Liabilities (Continued)

Total Master Trust financial assets at fair value classified within Level 3 were \$7,899 million as of December 31, 2012, which primarily consists of investments in private equities, real estate, real assets, hedge funds and mortgage-backed and asset-backed securities. Such amounts were 14% of net assets of the Master Trust as of December 31, 2012.

As of December 31, 2011, investments of the Plan totaled \$105,380,605 were liquidated in preparation for transfer to the Master Trust on January 3, 2012.

Level 3 Activity - The change in unrealized gains or losses on assets still held as of December 31, 2012 was an unrealized gain of \$1,091,380,498. Values by asset class are provided in the table below (dollars in millions):

Fixed-income securities:	
Corporate	\$ (12)
Mortgage backed and asset backed	35
Total fixed-income securities	<u>23</u>
Private equities	258
Real estate	602
Real assets	94
Global strategies	5
Hedge funds	<u>109</u>
Total change	<u><u>\$ 1,091</u></u>

A summary of changes in the fair value of the Master Trust's Level 3 financial assets for the year ended December 31, 2012 is as follows (dollars in millions):

	January 1, 2012 Beginning Balance	Net Unrealized and Realized (Losses) Gains	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	December 31, 2012 Ending Balance
Financial assets:							
Fixed-income securities:							
Corporate	\$ 7	\$ (17)	\$ 12	\$ (1)	\$ 3	\$ (1)	\$ 3
Mortgage backed and asset backed	15	47	243	(91)	346	-	560
Municipal	3	(3)	-	-	-	-	-
Total fixed-income securities	<u>25</u>	<u>27</u>	<u>255</u>	<u>(92)</u>	<u>349</u>	<u>(1)</u>	<u>563</u>
Global equities — common and preferred stock — U.S.	<u>7</u>	<u>(3)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>3</u>
Private equities	2,903	319	470	(677)	-	-	3,015
Real estate	1,871	150	287	(117)	-	-	2,191
Real assets	522	48	151	(74)	-	-	647
Global strategies	75	-	-	-	-	(75)	-
Hedge funds	<u>2,451</u>	<u>119</u>	<u>60</u>	<u>(9)</u>	<u>-</u>	<u>(1,141)</u>	<u>1,480</u>
Total financial assets	<u><u>\$ 7,854</u></u>	<u><u>\$ 660</u></u>	<u><u>\$ 1,223</u></u>	<u><u>\$ (970)</u></u>	<u><u>\$ 349</u></u>	<u><u>\$ (1,217)</u></u>	<u><u>\$ 7,899</u></u>

AVIALL, INC. RETIREMENT PLAN
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Note 5 - Fair Value of Financial Assets and Financial Liabilities (Continued)

Transfers Between Levels - The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

\$345,685,334 and \$3,422,297 of mortgage and asset-backed securities and corporate bonds, respectively, were transferred into Level 3 during 2012 because the pricing vendor notified Plan management that the significant valuation input was unobservable. Global Strategies and Hedge Funds in the amounts of \$74,582,020 and \$1,141,174,888, respectively, were reclassified from Level 3 to Level 2 due to expirations of lockup provisions and having fund liquidity within three months of December 31, 2012. In addition, \$963,018 in corporate bonds were reclassified from Level 3 to Level 2 as additional pricing information, including significant observable inputs, on these securities became available. There were no reclassifications between Level 1 and Level 2 during 2012.

Level 3 Quantitative Disclosure - A summary of quantitative data of the Master Trust's Level 3 investment assets for the year ended December 31, 2012, is as follows:

	Level 3 Total	Valuation Technique	Assumptions*	Minimum	Maximum	Weighted Average
Fixed-income securities:						
Structured notes	\$ 99,290	Matrix Pricing	Yield	1.8 %	1.8 %	1.8 %
Auction rate securities	1,707,987	Discounted Cash Flow	Expected Maturity (Years)	12.5	18.6	15.1
Corporate	<u>1,807,277</u>					
Residential mortgage-backed securities	219,951,598	Matrix Pricing	Prepayment Speed	-	326.0	4.0
			Default Rate	-	19.4	6.7
			Loss Severity Rate	-	100.0	56.7
			Yield	(0.8)	70.0	4.3
Commercial mortgage-backed securities	177,632,010	Matrix Pricing	Prepayment Speed	-	100.0	0.5
			Yield	0.6	6.8	2.0
Asset-backed securities	<u>56,852,103</u>	Matrix Pricing	Prepayment Speed	-	20.0	3.0
			Yield	(0.7)	4.6	1.3
Total mortgage-backed and asset-backed securities	<u>454,435,711</u>					
Total fixed-income securities	<u>\$ 456,242,988</u>					

* Valuation techniques for which no unobservable inputs are disclosed generally reflect the use of third-party pricing services or dealers, and the range of unobservable inputs applied by these sources is not readily available or cannot be reasonably estimated.

Sensitivity Disclosures for Level 3 - For residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities, an increase in unobservable yields, loss severity rates, or default rates in isolation would generally result in a decrease in fair value.

AVIALL, INC. RETIREMENT PLAN
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Note 5 - Fair Value of Financial Assets and Financial Liabilities (Continued)

For mortgage-backed securities and asset-backed securities, an increase in unobservable prepayment speeds in isolation may result in an increase or a decrease in fair value, depending upon the nature of the security.

For corporate issues, including structured notes and auction rate securities, an increase in unobservable spreads or yields, in isolation, would generally result in a decrease in fair value.

Although the sensitivities of the fair value of these securities to various unobservable inputs are discussed in isolation above, interrelationships exist among observable and unobservable inputs such that a change in any significant unobservable input may affect changes to one or more of the other inputs.

Note 6 - NAV per Share

In accordance with ASC 820, the following is a summary of the Master Trust investments in which the NAV per share of the investment is used to estimate its fair value. The summaries below are categorized by asset class as disclosed in the Master Trust's statements of net assets. For each asset class utilizing the NAV, the fair value, redemption frequency, and redemption notice period as of December 31, 2012 are disclosed.

Fixed-Income Investments - This category includes investments in U.S. and non-U.S. debt securities held by a CCT. In general, redemptions can occur daily. Redemption notices may be given daily or up to ten business days in advance. If the fund determines that it would be detrimental to the interests of remaining fund investors to pay wholly or in part with cash based on availability of cash for distributions, distributions may also include securities in kind. Additionally, for large withdrawals, the portfolio manager of the fund may require additional time (up to several weeks) to liquidate assets to satisfy the withdrawal requests (dollars in millions).

Redemption Frequency	Redemption Notice Period	As of December 31, 2012	
		Fair Value	Unfunded Commitments
Daily	From daily up to 10 business days	\$ 2,196	\$ -

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
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Note 6 - Net Asset Value per Share (Continued)

Global Equity Investments - This category includes investments in U.S. and non-U.S. equity securities held by CCTs. Generally, redemptions may occur daily, weekly, semimonthly or monthly depending upon the fund. Redemption notices may be given daily, two to ten business days in advance or up to 120 days in advance for one of the funds. Under extraordinary circumstances, some of the funds may temporarily delay distributions or make distributions of securities in kind (dollars in millions).

Redemption Frequency	Redemption Notice Period	As of December 31, 2012	
		Fair Value	Unfunded Commitments
Daily	Prior to close of regular trading	\$ 189	\$ -
Weekly	Ten business days prior to trade date	56	-
Semimonthly	Five business days prior to valuation date	506	-
Monthly	From two up to 120 days	1,093	-
		<u>\$ 1,844</u>	<u>\$ -</u>

Private Equity Investments - This category includes investments in private equities held primarily by limited partnerships as well as a few held in CCT partnerships. Private equity investments may be in buyout, venture, special situations, or fund-of-fund strategies. The private equity investments held in CCT partnerships operate in the same manner as the limited partnership investments. The investments in private equity do not provide for redemption rights to their investors. As such, the Master Trust must wait until the underlying assets are sold and cash proceeds are distributed. The Master Trust maintains an active portfolio of private equity investments that are in various stages from start-up to wind down. The current portfolio of investments is expected to liquidate over a period of up to ten years (dollars in millions).

Redemption Frequency	Redemption Notice Period	As of December 31, 2012	
		Fair Value	Unfunded Commitments
Liquidates over the next 10 years	See narrative	<u>\$ 3,001</u>	<u>\$ 1,602</u>

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
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Note 6 - Net Asset Value per Share (Continued)

Real Estate and Real Assets - This category includes investments in private real estate (such as office, retail, apartment, and industrial properties) and real assets (such as infrastructure, energy, farmland, and timber). These investments are made through limited partnerships and CCTs. The limited partnerships generally do not provide redemption rights to their investors. As such, the Master Trust must wait until the underlying assets are sold and cash proceeds are distributed. The Master Trust maintains an active portfolio of real estate/real asset limited partnership investments that are in various stages from start-up to wind-down. The current portfolio of investments is expected to liquidate over a period of up to ten years. Investments via CCT provide for daily or quarterly redemption frequency. Notices of redemption for these funds range from daily to 180 days in advance of quarter-end. Certain funds are restricted to a redemption queue. A redemption queue is a restriction on withdrawals from a fund due to liquidity restrictions. The fund manager restricts the percentage of the fund that is available for redemption during each redemption period. All investors in the queue will receive an equal portion of the available liquidity. The queue continues until all investor redemption requests are satisfied or the queue is lifted in its entirety (dollars in millions).

Redemption Frequency	Redemption Notice Period	As of December 31, 2012	
		Fair Value	Unfunded Commitments
Daily	Same day	\$ 147	\$ -
Quarterly	From 30 up to 180 days	1,454	63
Three-year lock up	See narrative	16	26
Liquidates over the next 10 years	See narrative	1,340	777
		<u>\$ 2,957</u>	<u>\$ 866</u>

Global Strategy Investments - This category includes investment strategies that seek to identify inefficiencies across various asset classes and markets using long and short positions in physical securities and derivatives. Depending on the fund, redemptions can be daily or monthly. The redemption notice period, depending on the fund, is three business days to 30 days in advance or daily. Generally, redemptions may be restricted or delayed, in whole or in part, due to extraordinary circumstances in the market, such as reduced liquidity, the inability to adequately value the assets, or activity that would potentially negatively impact other fund investors (dollars in millions).

Redemption Frequency	Redemption Notice Period	As of December 31, 2012	
		Fair Value	Unfunded Commitments
Daily	Daily	\$ 331	\$ -
Monthly	From three business days to 30 days	1,819	-
		<u>\$ 2,150</u>	<u>\$ -</u>

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 6 - Net Asset Value per Share (Continued)

Hedge Funds - Hedge fund investments are made through fund-of-fund vehicles and through direct investments into various hedge funds. The fund-of-fund vehicles are used for the purpose of making investments in a diverse portfolio of hedge funds, while the direct investments allow for larger targeted investments without the additional fund-of-fund fee structure. Hedge funds include event-driven, relative value, long-short, and market neutral strategies.

Of the \$2,747,000,000 invested in hedge funds at December 31, 2012, \$1,148,493,674 are Level 3 fund-of-fund vehicles with restrictions in effect for the life of the hedge fund based on the terms of each underlying hedge fund within the fund-of-fund. Restrictions are estimated to expire within 12-18 months. \$315,727,349 are Level 3 hedge fund investments with restrictions on redemption, expiring between June 30, 2013 and December 31, 2014. These restrictions generally include lockups and fund-level gates. There is one Level 3 hedge fund totaling \$15,507,450 in the form of a limited partnership investment. Investments in limited partnerships do not provide for redemption rights to their investors. As such, the Master Trust must wait until the underlying assets are sold and cash proceeds are distributed (dollars in millions).

Redemption Frequency	Redemption Notice Period	As of December 31, 2012	
		Fair Value	Unfunded Commitments
Monthly	Up to 90 days	\$ 1,297	\$ -
Quarterly	From 33 up to 90 days	726	-
Semiannually	From 45 up to 65 days	160	-
Annually	From 45 up to 90 days	231	-
Two years	From 45 up to 90 days	160	-
Three years	From 45 up to 95 days	173	33
		<u>\$ 2,747</u>	<u>\$ 33</u>

Note 7 - 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.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 7 - Derivative Financial Instruments (Continued)

At December 31, 2012, the Master Trust has invested in derivative contracts, which are reflected in the Master Trust's statements of net assets as follows:

	Interest Rate	Credit	Currency	Equity	Commodity	Future Settlement	Total
Assets:							
Other investments:							
Options	\$ 2,642,938	\$ -	\$ 129,830	\$ -	\$ 959,393	\$ -	\$ 3,732,161
Swaps	21,215,586	10,070,496	-	-	224,927	-	31,511,009
Receivables:	-	-	-	-	-	-	-
Forward contracts	-	-	63,864,615	-	-	-	63,864,615
Futures	572,852	-	-	662,930	2,022,900	-	3,258,682
Treasury forwards and TBAs	-	-	-	-	-	9,289,723	9,289,723
Total assets	<u>\$ 24,431,376</u>	<u>\$ 10,070,496</u>	<u>\$ 63,994,445</u>	<u>\$ 662,930</u>	<u>\$ 3,207,220</u>	<u>\$ 9,289,723</u>	<u>\$ 111,656,190</u>
Liabilities:							
Other liabilities:							
Forward contracts	\$ -	\$ -	\$ 54,064,379	\$ -	\$ -	\$ -	\$ 54,064,379
Futures	15,174,907	-	-	-	2,002,505	-	17,177,412
Options	3,068,675	-	-	-	286,572	-	3,355,247
Swaps	2,193,780	15,876,734	-	-	1,616,463	-	19,686,977
Treasury forwards and TBAs	-	-	-	-	-	9,334,534	9,334,534
Total liabilities	<u>\$ 20,437,362</u>	<u>\$ 15,876,734</u>	<u>\$ 54,064,379</u>	<u>\$ -</u>	<u>\$ 3,905,540</u>	<u>\$ 9,334,534</u>	<u>\$ 103,618,549</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 as net appreciation or depreciation in the fair value of investments. The effect of derivative contracts realized gains and losses and the change in unrealized gains and losses for the years ended December 31, 2012 are reflected in the following table:

	Interest Rate	Credit	Currency	Equity	Commodity	Future Settlement	Total
Net gains (losses):							
Forward contracts	\$ -	\$ -	\$ 19,486,877	\$ -	\$ -	\$ -	\$ 19,486,877
Futures	27,307,344	-	14,868,299	229,211,237	(7,182,115)	-	264,204,765
Options	4,915,347	-	(12,250,419)	-	130,994	-	(7,204,078)
Swaps	5,765,685	1,810,272	-	-	(6,155,991)	-	1,419,966
Treasury forwards and TBAs	-	-	-	-	-	(358,870)	(358,870)
Total net gains and losses	<u>\$ 37,988,376</u>	<u>\$ 1,810,272</u>	<u>\$ 22,104,757</u>	<u>\$ 229,211,237</u>	<u>\$ (13,207,112)</u>	<u>\$ (358,870)</u>	<u>\$ 277,548,660</u>

AVIALL, INC. RETIREMENT PLAN
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DECEMBER 31, 2012 AND 2011

Note 7 - Derivative Financial Instruments (Continued)

The following table summarizes the gross notional value of derivative contracts outstanding as of December 31, 2012. The gross notional amounts give an indication of the volume of the Master Trust's derivative activities 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.

	Interest Rate	Credit	Currency	Equity	Commodity	Future Settlement	Total
Forward contracts	\$ -	\$ -	\$ 7,890,751,000	\$ -	\$ -	\$ -	\$ 7,890,751,000
Futures	7,023,471,526	-	381,085,880	1,329,007,958	418,224,107	-	9,151,789,471
Options	673,383,897	-	5,395,520	-	100,367,616	-	779,147,033
Swaps	475,648,602	1,666,875,566	-	-	153,590,429	-	2,296,114,597
Treasury forwards and TBAs	-	-	-	-	-	212,616,016	212,616,016
	<u>\$ 8,172,504,025</u>	<u>\$ 1,666,875,566</u>	<u>\$ 8,277,232,400</u>	<u>\$ 1,329,007,958</u>	<u>\$ 672,182,152</u>	<u>\$ 212,616,016</u>	<u>\$ 20,330,418,117</u>

Derivatives are generally used to achieve the desired market exposure of a security, index, or currency, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. 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 and treasury forward commitments meet the definition of a derivative instrument under U.S. 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 swaps, forward contracts, options, treasury forwards, 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, 2012, the Master Trust counterparty risk was not deemed to be significant, whether evaluating counterparty exposure outright or netting collateral against net asset positions on contracts with each counterparty. Additionally, with the use of collateral, master netting agreements assist in mitigating counterparty credit risk.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
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Note 7 - Derivative Financial Instruments (Continued)

The Master Trust may be subject to credit-related contingent features for those contracts governed by an International Swaps and Derivatives Association Master Agreement (generally swaps) with each counterparty for each open contract in a net liability position. In those instances, the Master Trust is generally regarded as having liquidity risk. In the event the Master Trust's assets decline by various, prespecified rates over predetermined time periods, the Master Trust is either required to post more collateral or may be required to pay off the open liability contracts given the counterparty's right to terminate the contract. At December 31, 2012, the Master Trust had a fair value of \$23,003,854 in contracts in a net liability position with contingent features; \$20,710,700 were posted in collateral against those positions. In the event that a contingent event occurred at December 31, 2012, \$961,750 in additional collateral would have been required to be posted. Certain derivatives contracts also provide for the right to terminate the contract if a contingent event occurs. At December 31, 2012, these terminations would have required the Master Trust to settle trades with a fair value of \$22,088,868.

Interest Rate Risk - Interest rate risk is the risk of change in the market value of the assets due to a change in interest rates. Bond futures, interest rate swaps, and interest rate swaptions are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Interest rate swap agreements involve the exchange by the Master Trust, with a counterparty, of respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed-rate payments, with respect to the notional amount of principal. Interest rate swaptions are options to enter into an interest rate swap based off a set of predetermined conditions.

Credit Risk - Credit risk is the risk of change in the market value of assets due to the change in creditworthiness of the underlying issuer. Credit default swaps are used to achieve the desired credit exposure of a security or basket of securities. Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation, or index.

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, forward contracts, and options are used to achieve the desired currency exposure, generate value-added performance, or rebalance the total portfolio to the target asset allocation. 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. A currency option gives the buyer the right, but not the obligation, to buy one currency or sell another currency at a set exchange rate on or before a given date.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
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Note 7 - Derivative Financial Instruments (Continued)

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.

Commodity Risk - Commodity risk is the risk of change in the market value of the underlying commodity due to a change in the price of the commodity. Commodity futures, swaps, and options are generally used to achieve the desired market exposure to commodities. A futures contract is an agreement between two parties to buy and sell a commodity at a set price on a future date. Commodity swaps are agreements involving the exchange by the Master Trust, with a counterparty, of respective commitments to pay or receive cash flows, e.g., an exchange of payments based on the price movement for the commodity, with respect to the notional amount of principal. Commodity options gives the buyer the right, but not the obligation, to buy one commodity or sell another commodity at a set price on or before a given 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-backed TBAs and treasury forwards 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; similarly, a treasury forward is a contract for the purchase or sale of U.S. Treasury securities to be delivered at a future agreed-upon date.

Note 8 - Net Appreciation in Fair Value of Investments and Significant Investments

The Plan's investments, including gains and losses on investments bought and sold as well as held during the year, (depreciated) in value by \$1,205,321 for the year ended December 31, 2011, as follows:

Mutual funds	\$ 1,101,301
Collective trust funds	<u>(2,306,622)</u>
Total	<u><u>\$ (1,205,321)</u></u>

At December 31, 2012, the Plan's investment in the Master Trust represents 5% or more of the net assets available for benefits.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 9 - Related-Party Transactions

During 2011, certain assets were invested in funds sponsored by Wells Fargo Bank, N.A., the former trustee for the Plan and, therefore, these transactions qualified as party-in-interest transactions. Fees paid to Wells Fargo Bank, N.A. were \$230,061 for the year ended December 31, 2011.

During 2012, certain Master Trust investments are managed by JPM. JPM is the trustee for the Plan, and therefore, these transactions qualify as party-in-interest transactions. The investment management fees to JPM for the Plan are paid at the Master Trust level.

Note 10 - Tax Status

The Internal Revenue Service informed the Company by a letter dated February 14, 2011, that the Plan is designed in accordance with the applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. The Company and Plan management believe the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax exempt.

U.S. GAAP requires 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 analyzed the tax positions taken by the Plan and concluded that as of December 31, 2012, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes that the Plan is no longer subject to income tax examinations for years prior to 2006.

Schedule SB, Line 26 – Schedule of Active Participant Data

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

Plan Sponsor: Aviall, Inc., a wholly owned subsidiary of the Boeing Company

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		22	41,963	0		0		0		0		0		0		0		0	
25 - 29	0		54	47,327	22	58,539	1		0		0		0		0		0		0	
30 - 34	0		77	59,072	52	62,187	12		1		0		0		0		0		0	
35 - 39	0		75	66,487	47	73,097	26	72,531	4		0		0		0		0		0	
40 - 44	0		74	80,541	51	73,726	34	70,929	8		5		0		0		0		0	
45 - 49	0		68	81,364	36	78,838	30	81,245	13		19		7		1		0		0	
50 - 54	0		50	68,020	48	84,736	33	78,375	15		21	77,619	18		7		0		0	
55 - 59	0		37	65,748	16		24	81,794	11		12		12		7		7		0	
60 - 64	0		13		15		8		1		11		7		6		4		1	
65 - 69	0		1		3		6		3		2		7		3		1		1	
70 & Over	0		0		0		0		0		1		0		0		0		1	

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

Plan Sponsor: Aviall, Inc., a wholly owned subsidiary of the Boeing Company

Discount Rates

Current plan year PPA effective interest rate: 7.08%

3-Segment Rates, adjusted as required to reflect the corridors of MAP-21

Applicable month: Four months prior to the valuation date (based on September rates)

Assumed Cost of Living Adjustments

None.

Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Plan-related Expenses

The amount included this year for plan-related expenses is \$721,000.

Mortality

Separate rates for non-annuitants based on RP-2000 “Employees” table without collar or amount adjustments with generational projection and annuitants based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments with generational projection.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age are shown below.

Percentage retiring during the year	
Age	Retirement Rate
55	10.0
56	5.0
57	5.0
58	5.0
59	5.0
60	10.0
61	5.0
62	50.0
63	5.0
64	5.0
65	100.0

Retirement rates are only applied to participants who are eligible for retirement.

In order to determine the Schedule SB retirement age, the above ages were weighted by the probability of surviving earlier age retirement decrements and retiring in the absence of any other decrements.

Disability

The rates at which participants become disabled by age are shown below:

Percentage becoming disabled during the year	
Age	Disability Rate
20	0.14
25	0.15
30	0.16
35	0.19
40	0.30
45	0.45
50	0.69
55	1.19
60	1.80

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Compensation Increases

For purposes of determining the target normal cost, compensation is assumed to increase by 3.50% during the plan year. For purposes of determining the additional Funding Target for maximum deductible contribution purposes, compensation is assumed to increase by 3.50% per annum.

Future Increases in Social Security

Not applicable.

Future Increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC §415. Plan compensation is limited to the maximum presently allowed under IRC §401(a)(17). No provision is made for future increases in the maximum annual benefit or compensation limit.

Termination not Due to Disability, Retirement or Mortality

Rates are shown per 100 employees		
Percentage leaving during the year		
Attained Age	Males	Females
20	15.0	15.0
25	12.0	15.0
30	10.0	12.0
35	10.0	10.0
40	10.0	10.0
45	10.0	10.0
50	9.0	10.0
55	4.0	9.0
60	0.0	4.0

Form of Payment

Participants are assumed to elect the normal form.

Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 80% of eligible participants are assumed to be married and male spouses are assumed to be 3 years older than female spouses.

Employees

It was assumed there will be no new or rehired employees.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Plan Compensation

Compensation assumed paid in the current plan year beginning on the valuation date is the current annual rate of pay increased by the average variable compensation rate for the prior three years.

The amount shown includes compensation for those employees whose age on the valuation date equals or exceeds the ultimate assumed retirement age.

Actuarial Value of Assets

Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2011 plan year.)

Participant Data

Employee data was supplied by Aviall, Inc. as of the census date. Data on other participants was already in our files, since we provide administrative services for the plan.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2012 is used to determine the maximum deductible contribution for the tax year ending December 31, 2012.

Benefits not Included in Valuation

All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with The Boeing Company or Aviall, Inc. and, based on that review, is not aware of any significant benefits required to be valued that were not.

At-Risk Assumptions

For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year, except in accordance with the regular valuation assumptions. In addition, all participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit under the plan.

Funding Target

Present value of accrued benefits.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Target Normal Cost

Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year.

Changes in Assumptions and Methods Since Last Actuarial Valuation

The segment interest rates used to determine the minimum funding requirement and benefit restrictions were updated to reflect the interest rate corridors of MAP-21.

The salary increase rate was revised from 4.50% to 3.50% to be consistent with the assumptions used for other annual valuations.

The assumed plan-related expenses added to the target normal cost were changed from \$694,000 for 2011 to \$721,000 for 2012.

PBGC Premium Funding Target

For purposes of determining the PBGC Premium Funding Target, the Alternative Premium Funding Target was determined using the assumptions described above. The alternative method, once elected, cannot be revoked for five years (or until the 2014 plan year).

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2012**This Form is Open to Public
Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Aviall, Inc. Retirement Plan	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO	D Employer Identification Number (EIN) 65-0433083
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2012</u>		
2 Assets:		
a Market value	2a	118,156,632
b Actuarial value	2b	120,046,998
3 Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a 983	35,324,987
b For terminated vested participants	3b 944	15,325,067
c For active participants:		
(1) Non-vested benefits	3c(1)	6,052,665
(2) Vested benefits	3c(2)	40,450,318
(3) Total active	3c(3) 1,152	46,502,983
d Total	3d 3,079	97,153,037
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐		
a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	7.08
6 Target normal cost	6	5,201,762

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Signature of actuary

Benjamin P Hagan

Type or print name of actuary

Towers Watson Delaware Inc.

Firm name

500 N. Akard Street, Suite 4100

Dallas

TX 75201

Address of the firm

7/2/2013

Date

11-07189

Most recent enrollment number

(214) 530-4200

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	15,220,710	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	3,963,608	0
9 Amount remaining (line 7 minus line 8)	11,257,102	0
10 Interest on line 9 using prior year's actual return of <u>(0.02)</u> %	(2,251)	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b Interest on (a) using prior year's effective interest rate of <u>6.33</u> % except as otherwise provided (see instructions)		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	11,254,851	0

Part III Funding Percentages

14 Funding target attainment percentage	14	111.98 %
15 Adjusted funding target attainment percentage	15	123.56 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	100.54 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
06/28/2013	13,000,000				
Totals ▶			18(b)	13,000,000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	11,738,926

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:				
1st segment:	2nd segment:	3rd segment:	☐ N/A, full yield curve used	
5.54 %	6.85 %	7.52 %		
b Applicable month (enter code)			21b	4
22 Weighted average retirement age			22	61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.		☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.		☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.		☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)		31a	5,201,762
b Excess assets, if applicable, but not greater than line 31a		31b	5,201,762
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		0	0
b Waiver amortization installment			0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	0
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)		34	0
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36		0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37		11,738,926
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	11,738,926
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39		0
40 Unpaid minimum required contributions for all years	40		0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected ☐ 2 plus 7 years ☐ 15 years			
b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011			
42 Amount of acceleration adjustment	42		0
43 Excess installment acceleration amount to be carried over to future plan years	43		0

Schedule SB - Statement by Enrolled Actuary

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

Plan Sponsor: Aviall, Inc., a wholly owned subsidiary of the Boeing Company

Valuation Date January 1, 2012

Enrolled Actuary Benjamin P. Hagan

Enrollment Number 11-07189

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Schedule SB, Line 22 – Description of Weighted Average Retirement Age

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

Plan Sponsor: Aviall, Inc., a wholly owned subsidiary of the Boeing Company

See Part V for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

x	q_x^r	l_x	${}_{x-55}p_{55} = l_x / l_{55}$	$q_x^r * l_x / l_{55}$	$x * q_x^r * l_x / l_{55}$
50	0.00	1,000,000	1.000000	0.000000	0.000000
51	0.00	1,000,000	1.000000	0.000000	0.000000
52	0.00	1,000,000	1.000000	0.000000	0.000000
53	0.00	1,000,000	1.000000	0.000000	0.000000
54	0.00	1,000,000	1.000000	0.000000	0.000000
55	0.10	1,000,000	1.000000	0.100000	5.500000
56	0.05	900,000	0.900000	0.045000	2.520000
57	0.05	855,000	0.855000	0.042750	2.436750
58	0.05	812,250	0.812250	0.040613	2.355525
59	0.05	771,638	0.771638	0.038582	2.276331
60	0.10	733,056	0.733056	0.073306	4.398334
61	0.05	659,750	0.659750	0.032988	2.012238
62	0.50	626,763	0.626763	0.313381	19.429639
63	0.05	313,381	0.313381	0.015669	0.987151
64	0.05	297,712	0.297712	0.014886	0.952679
65	1.00	282,827	0.282827	0.282827	18.383729

Average age at retirement 61.252376

Rounded for Schedule SB 61

Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

Plan Sponsor: Aviall, Inc., a wholly owned subsidiary of the Boeing Company

Effective Date and Most Recent Amendment

The plan was originally effective January 1, 1994. The last amendment reflected herein is Amendment Number 19.

Plan Year

The twelve-month period ending December 31, 2012.

Coverage and Participation

All employees are eligible to participate under the plan on the first January 1 or July 1 coincident with or next following the attainment of age 21 and the completion of one year of service. Employee means any person on the payroll whose wages are subject to withholding for the purposes of federal income tax, except that the following are excluded:

- Union employees, unless they have negotiated for coverage in this plan
- Nonresident aliens with no income from U.S. sources
- leased employees

Note: If an employee meets the age requirement but fails to complete 1,000 hours of service during the first year of employment, participation will begin on the January 1 following the plan year in which 1,000 hours of service are completed.

Continuous Service

Total elapsed time from date of hire to date of termination.

Vesting Service

One year of vesting service is credited for each plan year with 1,000 or more hours of service.

Due to the provisions of Section 9.2 of the plan, all plan participants as of September 20, 2006, became 100% vested as a result of the Change of Control.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Basic Compensation

A participant's basic compensation for a particular year is the portion of total wages subject to withholding for purposes of federal income taxes, including regular pay, overtime pay, vacation pay, cost-of-living allowances, bonuses, commissions, and certain severance pay. Compensation is limited to \$200,000 (indexed beginning in 2003) as required and does not include the value of restricted stock.

Due to the provisions of Section 9.2 of the plan, all plan participants as of September 20, 2006, shall include total cash severance payments in Basic Compensation.

Normal Retirement Benefit

Normal Retirement Date: The first of the month coincident with or next following attainment of age 65.

Benefit Amount: The plan has a career average formula with the annual benefit accrual determined as follows:

1.45% times Basic Compensation up to \$15,600
plus
1.85% times Basic Compensation in excess of \$15,600.

Minimum Benefit: The minimum annual benefit is \$2,250.

Additional Benefits: Amendment Thirteen to the plan specifies a schedule of additional benefits payable to certain participants.

Normal Form of Retirement Income: Life only annuity payable monthly.

Late Retirement

If retirement occurs after the normal retirement date, the late retirement income will be the benefit calculated using the above formula with accruals through the late retirement date.

Accrued Benefit

The participant's accrued benefit at any given date is determined under the formula shown above.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Early Retirement Benefit

Eligibility: Age 55 with 10 years of continuous service.

Benefit Amount: Accrued benefit as of early retirement date multiplied by the early retirement factor shown below:

Age	Factor
65	100.0%
64	100.0%
63	100.0%
62	100.0%
61	91.7%
60	83.3%
59	79.2%
58	75.0%
57	70.8%
56	66.7%
55	62.5%

Immediate Disability Benefit

Eligibility: Total and permanent disability of participant prior to normal retirement date and age 45 with 15 years of continuous service.

Benefit Amount: Accrued benefit as of disability retirement date. The benefit is not reduced for early commencement. In lieu of this benefit, a participant may elect the deferred disability benefit described below.

Deferred Disability Benefit

Eligibility: 10 years of continuous service. (However, participants may not receive both an immediate and a deferred disability benefit. If eligible for both, one or the other must be elected.)

Benefit Commencement: Normal retirement date.

Benefit Amount: The benefit shall be calculated assuming that the participant's service and monthly rate of basic compensation as of the date of disability continued to normal retirement date.

Death of Disabled Participant Prior to Normal Retirement Date: Prior to normal retirement date, disabled participants are entitled to a death benefit identical to the one for active employees. This benefit is determined as if the disabled participant had remained in service until the date of death and the monthly rate of basic compensation as of the date of disability continued unchanged.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Vested Benefits Upon Termination of Service

Vesting: A participant is 100% vested upon completion of 5 years of vesting service. However, all participants become 100% vested upon reaching age 65.

Termination Benefit: The termination benefit is equal to the vested accrued benefit, payable in the normal form, commencing at normal retirement date. Optionally, participants with 10 years of continuous service may elect to receive a reduced benefit commencing prior to normal retirement date.

Change of Control Factor: Due to the Change of Control provisions of Section 9.2 of the plan, all participants who have attained age 45 or accrued 10 years of Continuous Service as of September 20, 2006, shall be entitled to receive enhanced early retirement factors at any time after termination and after reaching age 55. The reduction factors for early commencement are as follows:

Age	Factor	Change of Control Factor
65	100.0%	100.0%
64	93.3%	100.0%
63	86.7%	100.0%
62	80.0%	100.0%
61	73.3%	91.7%
60	66.7%	83.3%
59	63.3%	79.2%
58	60.0%	75.0%
57	56.7%	70.8%
56	53.3%	66.7%
55	50.0%	62.5%

Death of Terminated Vested Participant Prior to Commencement: The participant's spouse will receive a monthly retirement income payable for life in an amount equal to 50% of the amount the participant would have received if the participant had survived to the earliest commencement date and elected to receive a benefit under the qualified joint and 50% contingent option commencing at that date.

Due to the Change of Control provisions of Section 9.2 of the plan, all participants who have attained age 45 or has accrued 10 years of Continuous Service as of September 20, 2006, shall be considered to have met the service requirement for early retirement for the purpose of pre-retirement death benefits.

Death Benefits for Participants in Active Service

Eligibility: Married with 5 years of vesting service.

Benefit Amount: The participant's spouse will receive a monthly retirement income payable for life in an amount equal to 50% of the amount the participant would have received if the participant had survived to the earliest commencement date and elected to receive a benefit under the qualified joint and 50% contingent option commencing at that date.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Due to the Change of Control provisions of Section 9.2 of the plan, all participants who have attained age 45 or has accrued 10 years of Continuous Service as of September 20, 2006, shall be considered to have met the service requirement for early retirement for the purpose of pre-retirement death benefits.

Optional Forms of Retirement Income in Lieu of Normal Form

The plan provides optional payment forms, including the qualified joint and contingent benefit for married employees, on an actuarially equivalent basis. Actuarial equivalence for this purpose is based on a 4.75% interest rate and the 1951 Group Annuity Mortality Table projected by Scale C to 1965 with a weighting of male and female factors by 75% and 25%, respectively. Only small lump sums (under \$5,000) are permitted and the lump sum will be no less than the lump sum determined under IRC 417(e).

Coordination with Ryder System, Inc. (RSI) Retirement Plan

The benefits under this plan include the benefits earned under the RSI Retirement Plan prior to December 8, 1993, and benefits under this plan are also offset by any benefits payable under that plan, assuming that the participant elects to begin his RSI benefits at the later of (i) the date the Aviall benefits commence, and (ii) the earliest date the RSI benefits can commence. Ryder determines eligibility for early retirement and for early commencement of termination benefits based on the participant's age and service as of December 7, 1993.

Plan Participants' Contributions

They are not required or permitted.

Special Provisions for Top-Heavy Plans

Not applicable; the plan is not top-heavy.

Changes in Plan Provisions since Last Actuarial Valuation

None.

Schedule SB, Line 24 – Change in Actuarial Assumptions

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

Plan Sponsor: Aviall, Inc., a wholly owned subsidiary of the Boeing Company

Change in Salary Scale Assumptions

The salary increase rate was revised from 4.50% to 3.50% to be consistent with the assumptions used for other annual valuations.