

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); 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>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1994</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/1994</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>P.O. BOX 619048</u> <u>DALLAS, TX 75261-9048</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>65-0433083</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>972-586-1810</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>336410</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>65-0433083</u>	2c Plan Sponsor's telephone number <u>972-586-1810</u>	2d Business code (see instructions) <u>336410</u>	
2b Employer Identification Number (EIN) <u>65-0433083</u>					
2c Plan 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.	08/10/2015	LOUIS BURRELL
	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		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	3115
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year		6a(1)	1153
a(2) Total number of active participants at the end of the plan year		6a(2)	1119
b Retired or separated participants receiving benefits		6b	933
c Other retired or separated participants entitled to future benefits.....		6c	493
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	2545
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	122
f Total. Add lines 6d and 6e		6f	2667
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	26
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 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)		9b Plan benefit arrangement (check all that apply)	
(1) ☐ Insurance		(1) ☐ Insurance	
(2) ☐ Code section 412(e)(3) insurance contracts		(2) ☐ Code section 412(e)(3) insurance contracts	
(3) ☒ Trust		(3) ☒ Trust	
(4) ☐ General assets of the sponsor		(4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules		b General Schedules	
(1) ☒ R (Retirement Plan Information)		(1) ☒ H (Financial Information)	
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary		(2) ☐ I (Financial Information – Small Plan)	
(3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		(3) ☐ A (Insurance Information)	0
		(4) ☒ C (Service Provider Information)	
		(5) ☒ D (DFE/Participating Plan Information)	
		(6) ☒ G (Financial Transaction Schedules)	

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014	
▶ 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 01 Day 01 Year 2014			
2	Assets:			
a	Market value	2a	145448246	
b	Actuarial value	2b	143850334	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a	For retired participants and beneficiaries receiving payment	1017	39396301	39396301
b	For terminated vested participants	1001	28031854	28031854
c	For active participants	1153	41209881	48078943
d	Total	3171	108638036	115507098
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	6.56%	
6	Target normal cost	6	5319045	

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		06/25/2015
	Signature of actuary	Date
JOANIE ROBERTS	Type or print name of actuary	14-07295
		Most recent enrollment number
TOWERS WATSON DELAWARE INC.	Firm name	214-530-4200
		Telephone number (including area code)
500 N. AKARD STREET, SUITE 4100 DALLAS, TX 75201	Address of the firm	

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	12690970	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8)	12690970	0
10 Interest on line 9 using prior year's actual return of <u>6.34</u> %	804607	0
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(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.36</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
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		
12 Other reductions in balances due to elections or deemed elections		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	13495577	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	112.85 %
15 Adjusted funding target attainment percentage	15	124.53 %
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	120.92 %
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
Totals ▶			18(b)	0	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	0
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

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

21 Discount rate:				
a Segment rates:	1st segment: 4.99 %	2nd segment: 6.32 %	3rd segment: 6.99 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 64
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	5319045	
b Excess assets, if applicable, but not greater than line 31a	31b	5319045	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	0		0
b Waiver amortization installment	0		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		
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
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	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
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		
43 Excess installment acceleration amount to be carried over to future plan years	43		

<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
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
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	700530	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

IVINS, PHILLIPS & BARKER

52-1229560

(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?
29	NONE	12034	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	10844	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.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

a Name: BENJAMIN P. HAGAN	b EIN: 36-2668272
c Position: PRINCIPAL	
d Address: 1717 MAIN STREET SUITE 4400 DALLAS, TX 75201	e Telephone: 214-220-3544

Explanation: CHANGE IN EMPLOYER

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:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; text-align: center; padding: 5px;">2014</div> This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>AVIALL, INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE 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	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: TBCERP MASTER TRUST

b Name of sponsor of entity listed in (a): THE BOEING CO. & CONSOLIDATED SUBS

c EIN-PN <u>91-0425694-062</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>144310849</u>
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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)
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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)
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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)
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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)
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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)
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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)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

<div>SCHEDULE G (Form 5500) Department of Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration</div>	<div>Financial Transaction Schedules</div> <div>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).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection.</div>
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014	
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	Schedule of Loans or Fixed Income Obligations in Default or Classified as Uncollectible Complete as many entries as needed to report all loans or fixed income obligations in default or classified as uncollectible. Check box (a) if obligor is known to be a party in interest. Attach Overdue Loan Explanation for each loan listed. See Instructions.
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(a)	(b) Identity and address of obligor	(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items
☐		

	Amount received during reporting year			Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

(a)	(b) Identity and address of obligor	(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items
☐		

	Amount received during reporting year			Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

(a)	(b) Identity and address of obligor	(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items
☐		

	Amount received during reporting year			Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

(a)	(b) Identity and address of obligor		(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items		
☐					
		Amount received during reporting year		Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

(a)	(b) Identity and address of obligor		(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items		
☐					
		Amount received during reporting year		Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

(a)	(b) Identity and address of obligor		(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items		
☐					
		Amount received during reporting year		Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

(a)	(b) Identity and address of obligor		(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items		
☐					
		Amount received during reporting year		Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

(a)	(b) Identity and address of obligor		(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items		
☐					
		Amount received during reporting year		Amount overdue	
(d) Original amount of loan	(e) Principal	(f) Interest	(g) Unpaid balance at end of year	(h) Principal	(i) Interest

Part II Schedule of Leases in Default or Classified as Uncollectible

Complete as many entries as needed to report all leases in default or classified as uncollectible. Check box (a) if lessor or lessee is known to be a party in interest. Attach Overdue Lease Explanation for each lease listed. (See instructions)

(a)	(b) Identity of lessor/lessee	(c) Relationship to plan, employer, employee organization, or other party-in-interest	(d) Terms and description (type of property, location and date it was purchased, terms regarding rent, taxes, insurance, repairs, expenses, renewal options, date property was leased)			
☐						
(e) Original cost	(f) Current value at time of lease	(g) Gross rental receipts during the plan year	(h) Expenses paid during the plan year	(i) Net receipts	(j) Amount in arrears	

(a)	(b) Identity of lessor/lessee	(c) Relationship to plan, employer, employee organization, or other party-in-interest	(d) Terms and description (type of property, location and date it was purchased, terms regarding rent, taxes, insurance, repairs, expenses, renewal options, date property was leased)			
☐						
(e) Original cost	(f) Current value at time of lease	(g) Gross rental receipts during the plan year	(h) Expenses paid during the plan year	(i) Net receipts	(j) Amount in arrears	

(a)	(b) Identity of lessor/lessee	(c) Relationship to plan, employer, employee organization, or other party-in-interest	(d) Terms and description (type of property, location and date it was purchased, terms regarding rent, taxes, insurance, repairs, expenses, renewal options, date property was leased)			
☐						
(e) Original cost	(f) Current value at time of lease	(g) Gross rental receipts during the plan year	(h) Expenses paid during the plan year	(i) Net receipts	(j) Amount in arrears	

(a)	(b) Identity of lessor/lessee	(c) Relationship to plan, employer, employee organization, or other party-in-interest	(d) Terms and description (type of property, location and date it was purchased, terms regarding rent, taxes, insurance, repairs, expenses, renewal options, date property was leased)			
☐						
(e) Original cost	(f) Current value at time of lease	(g) Gross rental receipts during the plan year	(h) Expenses paid during the plan year	(i) Net receipts	(j) Amount in arrears	

(a)	(b) Identity of lessor/lessee	(c) Relationship to plan, employer, employee organization, or other party-in-interest	(d) Terms and description (type of property, location and date it was purchased, terms regarding rent, taxes, insurance, repairs, expenses, renewal options, date property was leased)			
☐						
(e) Original cost	(f) Current value at time of lease	(g) Gross rental receipts during the plan year	(h) Expenses paid during the plan year	(i) Net receipts	(j) Amount in arrears	

(a)	(b) Identity of lessor/lessee	(c) Relationship to plan, employer, employee organization, or other party-in-interest	(d) Terms and description (type of property, location and date it was purchased, terms regarding rent, taxes, insurance, repairs, expenses, renewal options, date property was leased)			
☐						
(e) Original cost	(f) Current value at time of lease	(g) Gross rental receipts during the plan year	(h) Expenses paid during the plan year	(i) Net receipts	(j) Amount in arrears	

Part III Nonexempt Transactions

Complete as many entries as needed to report all nonexempt transactions. **Caution:** If a nonexempt prohibited transaction occurred with respect to a disqualified person, file Form 5330 with the IRS to pay the excise tax on the transaction.

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
PAUL HASTINGS LLP	SERVICE PROVIDER	PLAN ASSETS WERE INADVERTENTLY USED TO MAKE A DUPLICATE PAYMENT TO A THIRD-PARTY PROVIDER			
(e) Selling price	(f) Lease rental	(g) Transaction expenses	(h) Cost of asset	(i) Current value of asset	(j) Net gain (or loss) on each transaction
			30	31	1

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
AMBASSADOR	SERVICE PROVIDER	PLAN ASSETS WERE INADVERTENTLY USED IN A CROSS-TRADE TRANSACTION			
(e) Selling price	(f) Lease rental	(g) Transaction expenses	(h) Cost of asset	(i) Current value of asset	(j) Net gain (or loss) on each transaction
			14	15	1

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
THE BOEING COMPANY		PLAN ASSETS WERE INADVERTENTLY RECEIVED BY THE PLAN SPONSOR			
(e) Selling price	(f) Lease rental	(g) Transaction expenses	(h) Cost of asset	(i) Current value of asset	(j) Net gain (or loss) on each transaction
			43	44	1

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
(e) Selling price	(f) Lease rental	(g) Transaction expenses	(h) Cost of asset	(i) Current value of asset	(j) Net gain (or loss) on each transaction

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
(e) Selling price	(f) Lease rental	(g) Transaction expenses	(h) Cost of asset	(i) Current value of asset	(j) Net gain (or loss) on each transaction

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
(e) Selling price	(f) Lease rental	(g) Transaction expenses	(h) Cost of asset	(i) Current value of asset	(j) Net gain (or loss) on each transaction

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> 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
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 Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	<u>145490949</u>	<u>144310849</u>
(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	145490949	144310849

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	42703	102958
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	42703	102958

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	145448246	144207891
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(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)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		14508303
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		14508303

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	14872239	
(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)		14872239
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)	712940	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)	9522	
(4) Other.....	2i(4)	153957	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		876419
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		15748658

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		-1240355
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		3
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)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

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 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

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
---------------	----------------------

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
-----------------	-------------------

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:

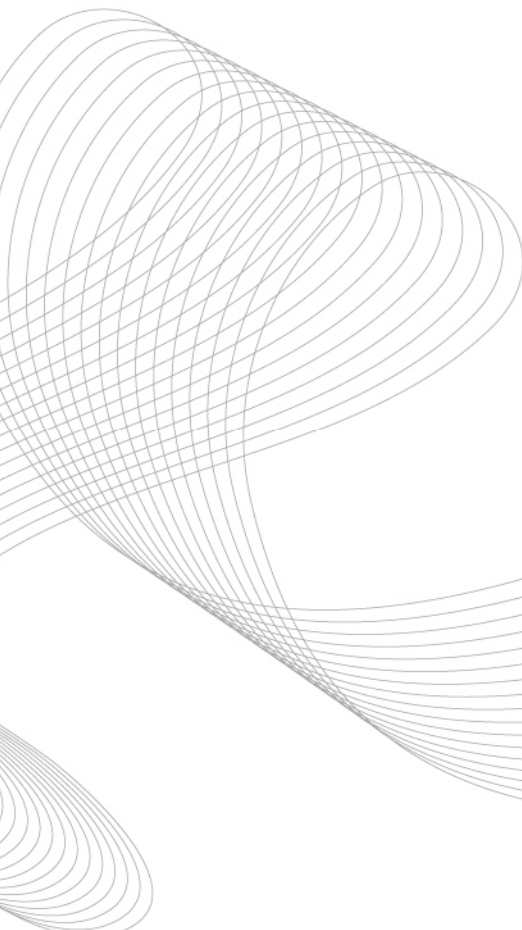
Stock: 30.0% Investment-Grade Debt: 25.0% High-Yield Debt: 2.0% Real Estate: 4.0% Other: 39.0%

- 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 with
Supplemental Schedule for

Aviall, Inc. Retirement Plan

December 31, 2014 and 2013

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

CONTENTS

	PAGE
REPORT OF INDEPENDENT AUDITORS	1-2
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits	3
Statements of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5-33
SUPPLEMENTAL SCHEDULE	
Schedule G, Part III – Schedule of Nonexempt Transactions	34

NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT AUDITORS

To the Aviall Benefits Committee
Aviall, Inc. Retirement Plan

Report on Financial Statements

We have audited the accompanying financial statements of the Aviall, Inc. Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended, 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 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 financial status of the Plan as of December 31, 2014 and 2013, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule G, Part III – Schedule of Nonexempt Transactions, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan’s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Seattle, Washington
August 6, 2015

AVIALL, INC. RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2014	2013
ASSETS		
Investment at fair value - interest in Master Trust	\$ 144,310,849	\$ 145,490,949
LIABILITIES		
Administrative expenses payable	102,958	42,703
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 144,207,891</u>	<u>\$ 145,448,246</u>

AVIALL, INC. RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Years Ended December 31,	
	2014	2013
ADDITIONS		
Net investment income from Master Trust	\$ 14,508,303	\$ 8,423,285
DEDUCTIONS		
Benefits paid to participants	14,872,239	3,939,084
Administrative expenses	876,419	503,881
Total deductions	15,748,658	4,442,965
NET INCREASE (DECREASE)	(1,240,355)	3,980,320
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	145,448,246	141,467,926
End of year	\$ 144,207,891	\$ 145,448,246

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of the Plan

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

General – The Plan is a defined benefit pension plan covering all eligible non-bargained exempt and nonexempt employees of Aviall, Inc. (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 consecutive month period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Company is the Plan sponsor and a subsidiary of The Boeing Company (Boeing). The Aviall Benefits Committee is the administrator of the Plan. The Company delegated authority respecting investment, reinvestment, and management of the assets of the Plan to Boeing's Employee Benefit Investment Committee (EBIC). The assets of the Plan, along with eight defined benefit pension plans sponsored by Boeing, are held in 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. Early retirement and benefit payments are possible after reaching age 55 and completing ten years of service, however 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.

If a vested participant dies prior to the payment of benefits from the Plan, 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of the Plan (Continued)

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 determined by the Plan's independent actuary necessary 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, 2014 and 2013.

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.

Note 2 – Summary of Significant Accounting Policies

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

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 Accounting Standards Codification (ASC) 960, *Plan Accounting – Defined Benefit Pension Plans*.

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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

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 value 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 could be material to the financial statements.

Valuation of Investments and Income Recognition – 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.

The Master Trust's investments are valued as follows:

- Fixed-income securities are primarily valued using a market approach employing 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

- Mutual funds, which are registered investment companies, are valued using quoted market prices to represent the net asset value (NAV) 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 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 to NAV measurement in 2014 and 2013.
 - Investments in common collective trusts/pooled funds (CCTs) are valued based on the year-end unit values. 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.
 - Private equity, real estate, real asset, and fixed-income 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 the NAVs calculated by the fund and is not publicly available. Direct hedge fund NAV is 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 the securities sold as described above.

Note 2 – Summary of Significant Accounting Policies (Continued)

- Other investments include over-the-counter (OTC) 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 and money markets and other short-term investments include cash, cash collateral, money market funds, certificates of deposits, commercial paper, treasury bills, and discounted notes with original maturities of three months or less for cash and money markets 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.
- 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 reflected in the statements of changes in net assets includes the Master Trust's net appreciation or depreciation in fair value of investments, interest income, and dividend income, less administrative expenses. Net appreciation or depreciation in fair value of investments includes both realized and unrealized gains and losses and is calculated as the difference between the fair value of the investments as of the beginning of the year or the purchase date in the current year and either the sales price or the end of year fair value.

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 Controls – Plan management has controls 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 controls consist of a framework that provides for oversight of the fair value methodologies and valuations, as well as validation procedures.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

The Boeing Board of Directors 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 Trust Investments and chairs the Valuation Committee. Trust Investments 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 Trust Investments, including risk management and trust operations, public markets, and investment strategy. The Valuation Committee meets at least quarterly for 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.
- 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, including 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 tolerance 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

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 re-pledge. 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, 2014 and 2013, securities with a fair value of \$0 and \$36,765,774 were received as collateral for resale agreements of \$0 and \$36,100,000, respectively.

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 – The Plan has evaluated subsequent events through August 6, 2015, the date the financial statements were available to be issued.

Recent Accounting Guidance Not Yet Adopted – In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU No. 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. It also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. Management is currently evaluating the impact of ASU No. 2015-07, which will be effective for the Plan beginning January 1, 2017.

Note 3 – Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payment 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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 3 – Accumulated Plan Benefits (Continued)

The PVAB has been 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 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. Significant actuarial assumptions underlying the actuarial computations in the December 31, 2013 valuation were as follows:

Interest rate	7.50%
Retirement	Average age at retirement is 64 years
Mortality basis (healthy and disabled)	Based on RP-2000 separate annuitant and non-annuitant tables with 18-month age setback and generational projected improvements using Scale AA.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue in operation. 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 December 31, 2013 is as follows:

Vested benefits:

Participants and beneficiaries currently receiving payments	\$ 37,362,426
Other participants	63,784,254
Total vested benefits	<u>101,146,680</u>
Nonvested benefits	<u>6,223,806</u>
Total actuarial PVAB	<u><u>\$ 107,370,486</u></u>

The changes in actuarial PVAB for the year ended December 31, 2013 is as follows:

Total actuarial PVAB at December 31, 2012	<u>\$ 100,485,846</u>
Increase (decrease) during the year attributable to:	
Benefits accumulated	4,786,898
Actuarial gain	3,613,862
Decrease in the discount period	7,750,411
Benefits paid	(3,939,084)
Change in actuarial assumptions	<u>(5,327,447)</u>
Net increase	<u>6,884,640</u>
Total actuarial PVAB at December 31, 2013	<u><u>\$ 107,370,486</u></u>

The change in actuarial assumptions represents the effect of a change in the mortality table.

AVIAL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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.

In addition to the Plan, as of December 31, 2014 and 2013, 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 Plans can own a beneficial interest in one or more of the various investment pools.

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 specific plan(s). 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 ownership interest in the Master Trust was 0.24% and 0.25% as of December 31, 2014 and 2013, respectively.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 4 – Master Trust (Continued)

The value of net assets within the Master Trust at December 31, 2014 and 2013 are as follows:

	2014	2013
Investments at fair value:		
Fixed-income securities		
Corporate	\$ 17,539,150,779	\$ 15,261,971,797
U.S. government and agency	5,532,336,067	4,870,187,478
Mortgage-backed and asset-backed	1,210,703,163	1,040,214,094
Municipal	1,636,337,656	1,722,216,654
Sovereign	1,091,923,246	1,024,726,679
Common/collective trusts/pooled funds	2,110,118,239	2,469,776,262
Other	253,005,368	263,923,744
Total fixed-income securities	29,373,574,518	26,653,016,708
Global equities:		
Common and preferred stock — non-U.S.	7,604,314,326	8,151,935,798
Common and preferred stock — U.S.	7,979,177,316	7,200,922,689
Common/collective trusts/pooled funds	2,497,232,558	2,549,361,819
Mutual funds	45,780,250	591,250,138
Total global equities	18,126,504,450	18,493,470,444
Private equities	2,970,380,561	3,038,460,617
Real estate	2,734,407,536	2,489,209,544
Real assets	665,092,694	782,196,181
Global strategies	2,247,285,660	2,354,341,221
Hedge funds	3,373,609,577	2,777,598,956
Other investments	31,145,693	53,316,727
Short-term investments	785,224,719	763,176,798
Total investments at fair value	60,307,225,408	57,404,787,196
Investments at contract value	236,505,143	227,717,371
Total Master Trust investments	60,543,730,551	57,632,504,567
Receivables:		
Accrued investment income	315,652,325	318,560,441
Receivables for securities sold	63,529,278	67,704,166
Securities purchased with an agreement to resell	-	36,100,000
Other receivables	89,100,611	80,124,819
Total receivables	468,282,214	502,489,426
Cash and money markets	135,375,900	135,249,652
Total assets	61,147,388,665	58,270,243,645
Liabilities:		
Payables for securities purchased	370,000	80,120,762
Investment and administrative expense	41,225,288	38,396,029
Other liabilities	239,627,037	159,264,238
Total liabilities	281,222,325	277,781,029
Net assets	\$ 60,866,166,340	\$ 57,992,462,616

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 4 – Master Trust (Continued)

Changes in net assets for the Master Trust for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Net appreciation (depreciation) in fair value of investments:		
Investments at fair value as determined by quoted market price:		
Fixed-income securities	\$ -	\$ -
Global equities:		
Common and preferred stock — non-U.S.	(374,581,325)	1,116,133,766
Common and preferred stock — U.S.	771,278,057	1,857,623,356
Mutual funds	49,263,562	93,465,588
Other investments	311,124,367	(433,875,756)
	<u>757,084,661</u>	<u>2,633,346,954</u>
Investments at estimated fair value:		
Fixed-income securities:		
Corporate	1,418,878,064	(1,334,000,491)
U.S. government and agency	1,026,637,907	(806,582,025)
Mortgage-backed and asset-backed	17,769,317	(9,825,490)
Municipal	236,379,147	(186,160,396)
Sovereign	117,648,644	(192,738,446)
Common/collective trusts/pooled funds	20,228,324	9,290,171
Other	15,894,154	44,837,119
Global equities:		
Common and preferred stock — non-U.S.	1,430,728	(3,427,850)
Common and preferred stock — U.S.	481,015	(728,675)
Common/collective trusts/pooled funds	5,457,863	477,028,309
Private equities	377,864,465	517,397,775
Real estate	352,615,822	224,698,420
Real assets	(28,718,802)	50,234,568
Global strategies	25,208,025	83,975,424
Hedge funds	90,606,670	327,119,601
Other investments	3,839,247	21,024,838
Short-term investments	(7,561,575)	(25,121,969)
	<u>3,674,659,015</u>	<u>(802,979,117)</u>
Net appreciation in fair value of investments	4,431,743,676	1,830,367,837
Interest income	1,233,794,126	1,099,487,746
Dividend income	358,607,145	497,212,602
Total Master Trust investment income	<u>6,024,144,947</u>	<u>3,427,068,185</u>
Trustee and investment management fees	(137,111,619)	(144,835,240)
Net investment income from Master Trust	<u>5,887,033,328</u>	<u>3,282,232,945</u>
Amounts received from participating plans	755,074,862	1,519,761,716
Transfer out to other plans	-	(6,227,328)
Amounts paid to participating plans	(3,768,404,466)	(2,823,498,523)
Increase in net assets	<u>2,873,703,724</u>	<u>1,972,268,810</u>
Net assets:		
Beginning of year	57,992,462,616	56,020,193,806
End of year	<u>\$ 60,866,166,340</u>	<u>\$ 57,992,462,616</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 4 – Master Trust (Continued)

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

Note 5 – Fair Value of Financial Assets and Financial Liabilities

ASC 820 established 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.

The following tables set forth by level within the fair value hierarchy a summary of the Master Trust investments by classes of assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 and 2013. 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

	Financial Assets and Liabilities at Fair Value as of December 31, 2014				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Levelled	Balance as of December 31, 2014
ASSETS:					
Investments — at fair value:					
Fixed-income securities:					
Corporate	\$ -	\$ 17,536,905,348	\$ 2,245,431	\$ -	\$ 17,539,150,779
U.S. government and agency	-	5,532,336,067	-	-	5,532,336,067
Mortgage-backed and asset-backed	-	595,942,695	614,760,468	-	1,210,703,163
Municipal	-	1,636,337,656	-	-	1,636,337,656
Sovereign	-	1,091,923,246	-	-	1,091,923,246
Common/collective trusts/pooled funds	-	2,110,118,239	-	-	2,110,118,239
Other	-	-	253,005,368	-	253,005,368
Total fixed-income securities	-	28,503,563,251	870,011,267	-	29,373,574,518
Global equities:					
Common and preferred stock — non-U.S.	7,602,591,380	-	1,722,946	-	7,604,314,326
Common and preferred stock — U.S.	7,976,386,003	-	2,791,313	-	7,979,177,316
Common/collective trusts/pooled funds	-	2,324,744,134	172,488,424	-	2,497,232,558
Mutual funds	45,780,250	-	-	-	45,780,250
Total global equities	15,624,757,633	2,324,744,134	177,002,683	-	18,126,504,450
Private equities	-	-	2,970,380,561	-	2,970,380,561
Real estate	-	-	2,734,407,536	-	2,734,407,536
Real assets	-	-	665,092,694	-	665,092,694
Global strategies	-	2,247,285,660	-	-	2,247,285,660
Hedge funds	-	2,411,720,114	961,889,463	-	3,373,609,577
Other investments	337,500	30,656,517	151,676	-	31,145,693
Short-term investments	-	785,147,714	77,005	-	785,224,719
Total investments — at fair value	15,625,095,133	36,303,117,390	8,379,012,885	-	60,307,225,408
Investments at contract value	-	-	-	236,505,143	236,505,143
Total master trust investments	15,625,095,133	36,303,117,390	8,379,012,885	236,505,143	60,543,730,551
Receivables:					
Accrued investment income	-	-	-	315,652,325	315,652,325
Receivables for securities sold	-	-	-	63,529,278	63,529,278
Securities purchased with an agreement to resell	-	-	-	-	-
Other receivables	4,415,525	17,388,245	-	67,296,841	89,100,611
Total receivables	4,415,525	17,388,245	-	446,478,444	468,282,214
Cash and money markets	-	99,592,639	-	35,783,261	135,375,900
Total assets	15,629,510,658	36,420,098,274	8,379,012,885	718,766,848	61,147,388,665
LIABILITIES:					
Payables for securities purchased	-	-	-	370,000	370,000
Investment and administrative expense	-	-	-	41,225,288	41,225,288
Other liabilities	8,198,397	66,406,345	12,440	165,009,855	239,627,037
Total liabilities	8,198,397	66,406,345	12,440	206,605,143	281,222,325
NET ASSETS	\$ 15,621,312,261	\$ 36,353,691,929	\$ 8,379,000,445	\$ 512,161,705	\$ 60,866,166,340

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

	Financial Assets and Liabilities at Fair Value as of December 31, 2013				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Levelled	Balance as of December 31, 2013
Financial assets:					
Investments:					
Fixed-income securities:					
Corporate	\$ -	\$ 15,237,791,707	\$ 24,180,090	\$ -	\$ 15,261,971,797
U.S. government and agency	-	4,870,187,478	-	-	4,870,187,478
Mortgage-backed and asset-backed	-	491,476,400	548,737,694	-	1,040,214,094
Municipal	-	1,722,216,654	-	-	1,722,216,654
Sovereign	-	1,024,726,679	-	-	1,024,726,679
Common/collective trusts/pooled funds	-	2,469,776,262	-	-	2,469,776,262
Other	-	-	263,923,744	-	263,923,744
Total fixed-income securities	-	25,816,175,180	836,841,528	-	26,653,016,708
Global equities:					
Common and preferred stock — non-U.S.	8,145,451,270	-	6,484,528	-	8,151,935,798
Common and preferred stock — U.S.	7,192,315,236	907,289	7,700,164	-	7,200,922,689
Common/collective trusts/pooled funds	-	2,549,361,819	-	-	2,549,361,819
Mutual funds	591,250,138	-	-	-	591,250,138
Total global equities	15,929,016,644	2,550,269,108	14,184,692	-	18,493,470,444
Private equities	-	-	3,038,460,617	-	3,038,460,617
Real estate	-	-	2,489,209,544	-	2,489,209,544
Real assets	-	122,255,556	659,940,625	-	782,196,181
Global strategies	-	2,354,341,221	-	-	2,354,341,221
Hedge funds	-	1,663,507,094	1,114,091,862	-	2,777,598,956
Other investments	3,250	53,313,477	-	-	53,316,727
Short-term investments	-	763,176,798	-	-	763,176,798
Total investments — at fair value	15,929,019,894	33,323,038,434	8,152,728,868	-	57,404,787,196
Investments at contract value	-	-	-	227,717,371	227,717,371
Total Master Trust investments	15,929,019,894	33,323,038,434	8,152,728,868	227,717,371	57,632,504,567
Receivables:					
Accrued investment income	-	-	-	318,560,441	318,560,441
Receivables for securities sold	-	-	-	67,704,166	67,704,166
Securities purchased with an agreement to resell	-	-	-	36,100,000	36,100,000
Other receivables	2,851,426	7,532,579	-	69,740,814	80,124,819
Total receivables	2,851,426	7,532,579	-	492,105,421	502,489,426
Cash and money markets	-	89,610,719	-	45,638,933	135,249,652
Total assets	15,931,871,320	33,420,181,732	8,152,728,868	765,461,725	58,270,243,645
LIABILITIES:					
Payables for securities purchased	-	-	-	80,120,762	80,120,762
Investment and administrative expense	-	-	-	38,396,029	38,396,029
Other liabilities	19,717,849	20,635,405	-	118,910,984	159,264,238
Total liabilities	19,717,849	20,635,405	-	237,427,775	277,781,029
NET ASSETS	\$ 15,912,153,471	\$ 33,399,546,327	\$ 8,152,728,868	\$ 528,033,950	\$ 57,992,462,616

Total Master Trust financial net assets at fair value classified within Level 3 were \$8,379,000,445 and \$8,152,728,868 as of December 31, 2014 and 2013, respectively, 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 as of December 31, 2014 and 2013.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS

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

Level 3 Activity – The change in unrealized gains or losses on assets still held by the Master Trust as of December 31, 2014 and 2013 was an unrealized gain of \$75,840,821 and \$902,753,475, respectively. Changes in unrealized gains or losses by asset class are provided in the table below:

	2014	2013
Fixed-income securities:		
Corporate	\$ 51,182	\$ (136,138)
Mortgage-backed and asset-backed	8,472,913	437,728
Other	(5,389,266)	26,074,479
Total fixed-income securities	<u>3,134,829</u>	<u>26,376,069</u>
Global equities securities:		
Common and preferred stock — non-U.S.	(314,075)	166,893
Common and preferred stock — U.S.	474,380	(300)
Common/collective trusts/pooled funds	(19,919,264)	-
Total global equities securities	<u>(19,758,959)</u>	<u>166,593</u>
Private equities	(514,533)	369,571,210
Real estate	207,994,274	214,594,134
Real assets	(62,093,916)	29,048,365
Hedge funds	(53,036,513)	262,997,104
Other investments	94,626	-
Short-term investments	(999)	-
Total assets	75,818,809	902,753,475
Other liabilities	22,012	-
Net unrealized gain (loss)	<u>\$ 75,840,821</u>	<u>\$ 902,753,475</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

A summary of changes in the fair value of the Master Trust's Level 3 financial assets for the years ended December 31, 2014 and 2013 is as follows:

	January 1, 2014 Beginning Balance	Net Unrealized and Realized (Losses) Gains	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	December 31, 2014 Ending Balance
Financial assets:							
Fixed-income securities:							
Corporate	\$ 24,180,090	\$ 247,016	\$ 156,572	\$ (16,725,852)	\$ -	\$ (5,612,395)	\$ 2,245,431
Mortgage-backed and asset-backed	548,737,694	12,770,874	235,776,969	(174,592,922)	6,581,375	(14,513,522)	614,760,468
Other	263,923,744	15,894,154	45,055,041	(71,867,571)	-	-	253,005,368
Total fixed-income securities	836,841,528	28,912,044	280,988,582	(263,186,345)	6,581,375	(20,125,917)	870,011,267
Global equities:	-	-	-	-	-	-	-
Common and preferred stock — Non U.S.	6,484,528	(186,707)	842,115	(6,246,390)	857,670	(28,270)	1,722,946
Common and preferred stock — U.S.	7,700,164	474,741	-	(5,383,622)	30	-	2,791,313
Common/collective trusts/pooled funds	-	(19,919,264)	192,407,688	-	-	-	172,488,424
Total global equities	14,184,692	(19,631,230)	193,249,803	(11,630,012)	857,700	(28,270)	177,002,683
Private equities	3,038,460,617	377,864,465	533,305,326	(979,249,847)	-	-	2,970,380,561
Real estate	2,489,209,544	352,615,822	238,068,984	(345,486,814)	-	-	2,734,407,536
Real assets	659,940,625	(28,718,802)	138,252,026	(104,381,155)	-	-	665,092,694
Hedge funds	1,114,091,862	(42,228,432)	195,449,866	(135,407,583)	-	(170,016,250)	961,889,463
Other investments	-	94,626	57,050	-	-	-	151,676
Short-term investments	-	(999)	78,004	-	-	-	77,005
Total assets	8,152,728,868	668,907,494	1,579,449,641	(1,839,341,756)	7,439,075	(190,170,437)	8,379,012,885
Other liabilities	-	(40,159)	52,599	-	-	-	12,440
Total net assets	\$ 8,152,728,868	\$ 668,947,653	\$ 1,579,397,042	\$ (1,839,341,756)	\$ 7,439,075	\$ (190,170,437)	\$ 8,379,000,445

	January 1, 2013 Beginning Balance	Net Unrealized and Realized (Losses) Gains	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	December 31, 2013 Ending Balance
Financial assets:							
Fixed-income securities:							
Corporate	\$ 3,174,287	\$ (132,742)	\$ 16,858,735	\$ (542,397)	\$ 5,112,968	\$ (290,761)	\$ 24,180,090
Mortgage-backed and asset-backed	560,408,253	(865,587)	197,041,615	(206,994,740)	-	(851,847)	548,737,694
Other	254,632,203	35,012,757	48,920,638	(74,641,854)	-	-	263,923,744
Total fixed-income securities	818,214,743	34,014,428	262,820,988	(282,178,991)	5,112,968	(1,142,608)	836,841,528
Global equities:	-	-	-	-	-	-	-
Common and preferred stock — Non U.S.	259,117	(412,214)	9,767,450	(5,044,365)	1,914,540	-	6,484,528
Common and preferred stock — U.S.	3,025,896	(861,384)	5,903,228	(367,788)	430	(218)	7,700,164
Total global equities	3,285,013	(1,273,598)	15,670,678	(5,412,153)	1,914,970	(218)	14,184,692
Private equities	2,760,384,366	527,267,010	363,075,216	(612,265,975)	-	-	3,038,460,617
Real estate	2,190,889,229	224,698,421	368,688,159	(295,066,265)	-	-	2,489,209,544
Real assets	646,828,348	50,152,789	119,435,979	(156,476,491)	-	-	659,940,625
Hedge funds	1,479,728,473	160,944,738	31,155,870	(636,854,697)	158,425,811	(79,308,333)	1,114,091,862
Total financial assets	\$ 7,899,330,172	\$ 995,803,788	\$ 1,160,846,890	\$ (1,988,254,572)	\$ 165,453,749	\$ (80,451,159)	\$ 8,152,728,868

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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

During 2014, \$6,581,375 of mortgage-backed and asset-backed securities was transferred into Level 3 because they were reevaluated due to additional available data. \$857,700 in common stocks was reclassified from Level 2 to Level 3 as those securities were delisted or the prices were stale due to a lack of liquidity. Hedge funds in the amount of \$170,016,250 were reclassified from Level 3 to Level 2 due to expirations of lockup provisions and having fund liquidity within three months of December 31, 2014. In addition, \$5,612,395 and \$14,513,522 in corporate bonds and mortgage- and asset-backed securities, respectively, were reclassified from Level 3 to Level 2 as additional pricing information, including significant observable inputs, on these securities became available and because some mortgage- and asset-backed securities were reclassified due to additional available data. \$28,270 in common stocks was reclassified from Level 3 to Level 2 as the common stock is now valued by a pricing vendor.

During 2013, \$5,112,968 of corporate bonds was transferred into Level 3 because the significant valuation input was unobservable as the securities were generally valued via single broker quotes. \$158,425,811 in hedge funds was transferred in to Level 3 as the redemption provisions changed and no longer provided for liquidity within three months of December 31, 2013. Hedge funds in the amount of \$79,308,333 were reclassified from Level 3 to Level 2 due to expirations of lockup provisions and having fund liquidity within three months of December 31, 2013. \$1,914,970 in common stocks was reclassified from Level 2 to Level 3 as those securities were de-listed or the prices were stale due to a lack of liquidity. In addition, \$290,761 and \$851,847 in corporate bonds and mortgage- and asset-backed securities, respectively, were reclassified from Level 3 to Level 2 as additional pricing information, including significant observable inputs, on these securities became available.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

Level 3 Quantitative Disclosure – A summary of quantitative data of the Master Trust's Level 3 investment assets for the years ended December 31, 2014 and 2013 is as follows:

	2014					
	Level 3 Total	Valuation Technique	Assumptions*	Minimum	Maximum	Weighted Average
Fixed-income securities:						
Mortgage-backed and asset-backed						
Commercial mortgage-backed securities						
Agency	\$ 897,780	Matrix pricing	Yield	1.5 %	1.8 %	1.7 %
			Prepayment speed (CPY)	-	-	-
Non agency	241,408,507		Yield	0.7 %	5.8 %	2.9 %
			Prepayment speed (CPY)	-	100.00	3.24
Auction rate securities	16,892,160	Discounted cash flow	Yield	3.5 %	4.0 %	3.6 %
			Remaining term to maturity	15.14	22.19	17.63
Asset-backed securities	3,465,405	Matrix pricing	Yield	1.1 %	4.9 %	2.2 %
			Prepayment speed (CPR)	-	11.00	6.59
			Default rate	-	4.70	0.65
			Loss severity rate(%)	-	98.46	12.08
Residential mortgage-backed securities						
Agency	1,278,735	Matrix pricing	Yield	2.2 %	2.6 %	2.4 %
			Prepayment speed (CPR)	10.00	10.00	10.00
Non agency	180,791,637		Yield	4.3 %	4.3 %	4.3 %
			Prepayment speed (CPP)	2.50	2.50	2.50
			Default rate	2.80	2.80	2.80
			Loss severity rate(%)	70.00	70.00	70.00
			Yield	0.9 %	15.9 %	4.1 %
			Prepayment speed (CPR)	-	21.54	5.17
			Default rate	-	16.00	5.87
			Loss severity rate(%)	-	100.00	64.10
Collateralized loan obligations	75,315,954	Matrix pricing	Discount margin (%)	150.00	460.00	280.72
			Prepayment speed (CPR)	20.00	20.00	20.00
			Default rate	2.00	2.00	2.00
			Loss severity rate(%)	50.00	50.00	50.00
Other	21,299,909	Matrix pricing	Yield	0.7 %	5.8 %	4.4 %
Total fixed-income securities	\$ 541,350,087					

* 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

	2013					
	Level 3 Total	Valuation Technique	Assumptions*	Minimum	Maximum	Weighted Average
Fixed-income securities						
Auction Rate Securities	\$ 2,028,420	Discounted Cash Flow	Yield	5.7 %	5.7 %	5.7 %
Corporate Bonds	4,956,221	Matrix Pricing	Yield	2.1 %	2.4 %	2.1 %
Corporate	<u>6,984,641</u>					
Residential mortgage-backed securities	94,496,498	Matrix Pricing	Prepayment Speed	0.5	25.0	4.9
			Default Rate	0.3	19.6	7.9
			Loss Severity Rate	20.0	98.5	59.6
			Yield	1.7 %	20.9 %	4.7 %
Commercial mortgage-backed securities	21,532,996	Matrix Pricing	Prepayment Speed		100.0	19.7
			Yield	1.5 %	5.2 %	3.9 %
Asset-backed securities	113,916,249	Matrix Pricing	Prepayment Speed		15.0	3.8
			Default Rate		16.0	6.2
			Loss Severity Rate		100.0	66.8
			Yield	0.6 %	6.0 %	4.1 %
Auction Rate Securities	25,006,275	Discounted Cash Flow	Yield	4.6 %	5.8 %	5.1 %
Corporate Bonds	<u>13,461,417</u>	Matrix Pricing	Yield	1.8 %	8.2 %	5.8 %
Total mortgage-backed and asset-backed securities	<u>268,413,435</u>					
Total fixed-income securities	<u>\$ 275,398,076</u>					

Other Financial Instruments – The fair value of the investment contracts valued at contract value in the Master Trust’s statements of net assets is \$256,539,372 and \$245,620,297 as of December 31, 2014 and 2013, respectively. Fair value for each investment contract is calculated by applying a factor determined by the corresponding insurance company to the contract value. Generally, the factor is an adjustment between contract value and market value, based upon predetermined parameters specific to each contract, including, but not limited to, current market yields, period to maturity, expenses, discounted cash flows, benefit payments, and any other applicable payments.

The Master Trust also holds other assets and liabilities not measured at fair value on a recurring basis, including cash and money market funds, receivables and liabilities. The fair value of these assets and liabilities approximates the carrying amounts in the Master Trust’s financial statements due to the short maturity of the instruments.

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, 2014 and 2013, are disclosed.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – NAV per Share (Continued)

Fixed-Income Investments – This category includes investments in U.S. and non-U.S. debt securities held by a CCT or limited partnership. In general, for CCTs, redemptions can occur daily, and redemption notices may be given daily or up to 10 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. 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 10 years.

Redemption Frequency	Redemption Notice Period	As of December 31, 2014		As of December 31, 2013	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Daily	From daily up to 10 business days	\$ 2,110,118,239	\$ -	\$ 2,469,776,262	\$ -
Liquidates over the next 10 years	See narrative	253,005,368	146,495,628	263,923,744	133,487,521
		<u>\$ 2,363,123,607</u>	<u>\$ 146,495,628</u>	<u>\$ 2,733,700,006</u>	<u>\$ 133,487,521</u>

Global Equity Investments – This category includes investments in U.S. and non-U.S. equity securities held by CCTs and one hedge fund. Generally, redemptions may occur daily, weekly, semimonthly, or monthly depending upon the fund. Redemptions are quarterly for the hedge fund, after one-year lockup expiring October 1, 2015. Redemption notices may be given daily up to 10 business days in advance, or up to 120 days in advance for one of the commingled funds, and 180 days for the hedge fund. Under extraordinary circumstances, some of the funds may temporarily delay distributions or make distributions of securities in kind.

Redemption Frequency	Redemption Notice Period	As of December 31, 2014		As of December 31, 2013	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Daily	Same day up to 3 days	\$ 198,958,070	\$ -	\$ 392,079,006	\$ -
Weekly	Ten business days prior to trade date	55,591,671	-	-	-
Semimonthly	Five business days prior to valuation date	548,998,638	-	625,253,980	-
Monthly	From two up to 120 days	1,521,195,755	-	1,532,028,833	-
Quarterly	One hundred eighty days	172,488,424	-	-	-
		<u>\$ 2,497,232,558</u>	<u>\$ -</u>	<u>\$ 2,549,361,819</u>	<u>\$ -</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – NAV per Share (Continued)

Private Equity Investments – This category includes investments in private equities primarily held 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 10 years.

Redemption Frequency	Redemption Notice Period	As of December 31, 2014		As of December 31, 2013	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Liquidates over the next 10 years	See narrative	<u>\$ 2,970,349,693</u>	<u>\$ 1,462,087,199</u>	<u>\$ 3,036,764,530</u>	<u>\$ 1,609,476,891</u>

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 10 years. Investments via CCT provide for daily or quarterly redemption frequency. Notices of redemption for these funds range from daily to 90 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.

Redemption Frequency	Redemption Notice Period	As of December 31, 2014		As of December 31, 2013	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Daily	Same day	\$ -	\$ -	\$ 122,255,556	\$ -
Quarterly	From 45 up to 90 days	1,740,363,287	5,176,479	1,552,227,912	14,129,555
Liquidates over the next 10 years	See narrative	<u>1,659,136,943</u>	<u>761,565,998</u>	<u>1,596,922,257</u>	<u>879,523,732</u>
		<u>\$ 3,399,500,230</u>	<u>\$ 766,742,477</u>	<u>\$ 3,271,405,725</u>	<u>\$ 893,653,287</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – NAV per Share (Continued)

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 affect other fund investors.

Redemption Frequency	Redemption Notice Period	As of December 31, 2014		As of December 31, 2013	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Daily	Same day	\$ 371,270,064	\$ -	\$ 368,301,606	\$ -
Monthly	From three business days to 30 days	1,876,015,596	-	1,986,039,615	-
		<u>\$ 2,247,285,660</u>	<u>\$ -</u>	<u>\$ 2,354,341,221</u>	<u>\$ -</u>

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 \$3,373,609,577 invested in hedge funds as of December 31, 2014, \$422,310,586 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, and the restrictions on these underlying hedge funds are estimated to expire within 12–18 months. \$507,852,311 are Level 3 hedge fund investments with restrictions on redemption, expiring between March 31, 2015, and December 31, 2015. These restrictions generally include lockups and fund-level gates. There is one Level 3 hedge fund totaling \$31,726,566 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. The remaining \$2,411,720,114 makes up Level 2 hedge funds with restrictions on redemption expiring within the three months leading up to December 31, 2014, and the subsequent three months following December 31, 2014. These restrictions generally include lockups and fund-level gates.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – NAV per Share (Continued)

Of the \$2,777,598,956 invested in hedge funds as of December 31, 2013, \$605,878,698 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, and the restrictions on these underlying hedge funds are estimated to expire within 12–18 months. \$479,340,273 are Level 3 hedge fund investments with restrictions on redemption, expiring between March 31, 2014, and December 31, 2014. These restrictions generally include lockups and fund-level gates. There is one Level 3 hedge fund totaling \$28,872,891 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. The remaining \$1,663,507,094 makes up Level 2 hedge funds with restrictions on redemption expiring within the three months leading up to December 31, 2013, and the subsequent three months following December 31, 2013. These restrictions generally include lockups and fund-level gates.

Redemption Frequency	Redemption Notice Period	As of December 31, 2014		As of December 31, 2013	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Monthly	Up to 93 days	\$ 798,616,802	\$ -	\$ 881,327,008	\$ -
Quarterly	From 33 up to 90 days	1,267,928,867	-	891,601,789	-
Semiannually	From 45 up to 65 days	276,195,309	-	208,032,349	-
Annually	From 45 up to 90 days	496,900,547	-	373,513,449	-
Two years	From 45 up to 90 days	237,688,628	-	211,908,728	-
Three years	From 45 up to 95 days	296,279,424	19,750,000	210,680,168	23,375,000
Illiquid	Not applicable	-	-	535,465	-
		<u>\$ 3,373,609,577</u>	<u>\$ 19,750,000</u>	<u>\$ 2,777,598,956</u>	<u>\$ 23,375,000</u>

Note 7 – Derivative Financial Instruments

ASC 815, *Derivatives and Hedging*, requires disclosures on 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. The Master Trust is exposed to the following financial instruments risks:

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 or adjust portfolio duration.

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 7 – Derivative Financial Instruments (Continued)

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 on 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 manage the 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.

Foreign Currency Risk – Foreign currency risk is the risk of a change in market value due to the change in foreign currency exchange rates. Generally, currency futures and forward contracts are used to achieve the desired currency exposure, or generate value-added performance.

Foreign currency futures and forwards are agreements between two parties to buy and sell a set of currencies at a set exchange rate on a specified future date.

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.

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 manage the 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 give 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 7 – Derivative Financial Instruments (Continued)

Future Settlement Risk – Future settlement risk is the risk of counterparty nonperformance resulting in not receiving the asset or associated gains specified in the contract. Gains are derived from the change in market value of the contract due to a change in price of the underlying security.

Mortgage TBAs are used to manage the market exposure of a security or asset class. A TBA is a contract for the purchase or sale of agency mortgage-backed securities to be delivered at a future agreed upon date.

As of December 31, 2014 and 2013, the Master Trust has invested in derivative contracts, which are reflected in the Master Trust's statements of net assets as follows:

2014	Interest Rate	Credit	Foreign Currency	Equity	Commodity	Future Settlement	Total
Assets:							
Other investments:							
Options	\$ 5,244,267	\$ 7,188	\$ 93,574	\$ -	\$ 31,500	\$ -	\$ 5,376,529
Swaps	5,585,193	19,483,834	-	-	700,137	-	25,769,164
Other receivables:							
Forward contracts	-	-	17,086,478	-	-	-	17,086,478
Futures	2,901,826	-	-	-	1,513,699	-	4,415,525
Treasury forwards and TBAs	-	-	-	-	-	301,767	301,767
Total assets	<u>\$ 13,731,286</u>	<u>\$ 19,491,022</u>	<u>\$ 17,180,052</u>	<u>\$ -</u>	<u>\$ 2,245,336</u>	<u>\$ 301,767</u>	<u>\$ 52,949,463</u>
Liabilities:							
Other liabilities:							
Forward contracts	\$ -	\$ -	\$ 7,950,965	\$ -	\$ -	\$ -	\$ 7,950,965
Futures	1,083,730	-	-	404,150	6,286,088	-	7,773,968
Options	2,664,002	957,590	231,527	7,200	235,310	-	4,095,629
Swaps	27,712,172	16,918,595	2,360	-	9,309,366	-	53,942,493
Treasury forwards and TBAs	-	-	-	-	-	854,127	854,127
Total liabilities	<u>\$ 31,459,904</u>	<u>\$ 17,876,185</u>	<u>\$ 8,184,852</u>	<u>\$ 411,350</u>	<u>\$ 15,830,764</u>	<u>\$ 854,127</u>	<u>\$ 74,617,182</u>
2013	Interest Rate	Credit	Foreign Currency	Equity	Commodity	Future Settlement	Total
Assets:							
Other investments:							
Options	\$ 6,337,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,337,103
Swaps	13,310,169	33,089,762	-	-	579,693	-	46,979,624
Other receivables:							
Forward contracts	-	-	7,521,896	-	-	-	7,521,896
Futures	903,018	-	-	85,170	1,863,238	-	2,851,426
Treasury forwards and TBAs	-	-	-	-	-	10,683	10,683
Total assets	<u>\$ 20,550,290</u>	<u>\$ 33,089,762</u>	<u>\$ 7,521,896</u>	<u>\$ 85,170</u>	<u>\$ 2,442,931</u>	<u>\$ 10,683</u>	<u>\$ 63,700,732</u>
Liabilities:							
Other liabilities:							
Forward contracts	\$ -	\$ -	\$ 9,988,541	\$ -	\$ -	\$ -	\$ 9,988,541
Futures	14,794,790	-	-	2,165	4,920,894	-	19,717,849
Options	1,207,759	-	-	-	96,603	-	1,304,362
Swaps	4,803,820	2,905,179	-	-	1,178,944	-	8,887,943
Treasury forwards and TBAs	-	-	-	-	-	454,559	454,559
Total liabilities	<u>\$ 20,806,369</u>	<u>\$ 2,905,179</u>	<u>\$ 9,988,541</u>	<u>\$ 2,165</u>	<u>\$ 6,196,441</u>	<u>\$ 454,559</u>	<u>\$ 40,353,254</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 7 – Derivative Financial Instruments (Continued)

Realized gains and losses and the change in unrealized gains and losses are reflected in the Master Trust's statements of changes in net assets as net appreciation or depreciation in the fair value of investments. The effects of derivative contracts realized gains and losses and the change in unrealized gains and losses for the years ended December 31, 2014 and 2013, are reflected in the following tables:

2014	Interest Rate	Credit	Foreign Currency	Equity	Commodity	Future Settlement	Total
Net gains (losses):							
Forward contracts	\$ -	\$ -	\$ 29,666,860	\$ -	\$ -	\$ -	\$ 29,666,860
Futures	443,139,617	-	11,844,993	13,089,872	(153,676,699)	-	314,397,783
Options	(1,530,125)	2,533,009	463,812	55,719	1,111,882	-	2,634,297
Swaps	(29,138,635)	3,666,469	(2,360)	-	(4,049,518)	-	(29,524,044)
Treasury forwards and TBAs	-	-	-	-	-	2,240,532	2,240,532
Total net gains and losses	<u>\$ 412,470,857</u>	<u>\$ 6,199,478</u>	<u>\$ 41,973,305</u>	<u>\$ 13,145,591</u>	<u>\$ (156,614,335)</u>	<u>\$ 2,240,532</u>	<u>\$ 319,415,428</u>

2013	Interest Rate	Credit	Foreign Currency	Equity	Commodity	Future Settlement	Total
Net gains (losses):							
Forward contracts	\$ -	\$ -	\$ (8,239,102)	\$ -	\$ -	\$ -	\$ (8,239,102)
Futures	(319,854,400)	-	16,523,076	(59,826,167)	(73,696,642)	-	(436,854,133)
Options	3,064,061	(327,410)	(190,521)	-	2,121,535	-	4,667,665
Swaps	12,375,991	18,466,375	-	-	3,009,241	-	33,851,607
Treasury forwards and TBAs	-	-	-	-	-	(3,710,009)	(3,710,009)
Total net gains and losses	<u>\$ (304,414,348)</u>	<u>\$ 18,138,965</u>	<u>\$ 8,093,453</u>	<u>\$ (59,826,167)</u>	<u>\$ (68,565,866)</u>	<u>\$ (3,710,009)</u>	<u>\$ (410,283,972)</u>

The following tables summarize the gross notional value of derivative contracts outstanding as of December 31, 2014 and 2013. The gross notional amounts give an indication of the volume of the Master Trust's derivative activities and significantly exceed the fair value of the derivative investments, which is more representative of the economic exposure associated with derivatives in the Master Trust.

2014	Interest Rate	Credit	Foreign Currency	Equity	Commodities	Future Settlement	Total
Forward Contracts	\$ -	\$ -	\$ 1,435,380,000	\$ -	\$ -	\$ -	\$ 1,435,380,000
Futures	4,433,015,316	-	124,646,065	818,958,407	919,643,565	-	6,296,263,353
Options	1,194,512,000	547,735,975	44,994,850	2,462,880	14,888,763	-	1,804,594,468
Swaps	926,382,898	2,454,249,083	100,000	-	214,974,051	-	3,595,706,032
Treasury Forward and TBAs	-	-	-	-	-	256,767,284	256,767,284
	<u>\$ 6,553,910,214</u>	<u>\$ 3,001,985,058</u>	<u>\$ 1,605,120,915</u>	<u>\$ 821,421,287</u>	<u>\$ 1,149,506,379</u>	<u>\$ 256,767,284</u>	<u>\$ 13,388,711,137</u>

2013	Interest Rate	Credit	Foreign Currency	Equity	Commodities	Future Settlement	Total
Forward Contracts	\$ -	\$ -	\$ 1,321,345,000	\$ -	\$ -	\$ -	\$ 1,321,345,000
Futures	17,647,902,342	-	711,216,443	2,897,324,886	1,164,477,950	-	22,420,921,621
Options	313,697,625	-	-	-	6,153,884	-	319,851,509
Swaps	509,840,796	1,715,640,038	-	-	231,948,132	-	2,457,428,966
Treasury Forward and TBAs	-	-	-	-	-	98,991,545	98,991,545
	<u>\$ 18,471,440,763</u>	<u>\$ 1,715,640,038</u>	<u>\$ 2,032,561,443</u>	<u>\$ 2,897,324,886</u>	<u>\$ 1,402,579,966</u>	<u>\$ 98,991,545</u>	<u>\$ 26,618,538,641</u>

Note 7 – Derivative Financial Instruments (Continued)

Derivatives are generally used to manage the market exposure of a security, index or currency, or adjust the portfolio duration. Derivative contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors. Refer to Note 2 for further description of how derivative instruments are valued. Certain cash instruments, such as mortgage backed TBAs, meet the definition of a derivative instrument under GAAP.

The nature of the counterparty and the settlement mechanism of the derivative affect the credit risk to which the Master Trust is exposed. For OTC derivatives such as swaps, forwards, options and TBAs, the Master Trust is exposed to the credit risk of the derivative counterparty.

For exchange-traded derivatives, such as futures and options, and “cleared” OTC swaps, the Master Trust is generally exposed to the credit risk of the relevant exchange or clearinghouse. Where possible, the Master Trust seeks to mitigate its credit risk exposures arising on derivatives transactions through the use of legally enforceable master netting arrangements and collateral agreements.

The Master Trust is also exposed to liquidity risk in the following situations:

- 1) When the derivative contracts require the Master Trust to post additional cash or securities collateral with counterparties as the fair value of the contracts moves in the counterparties’ favor and the Master Trust’s receivables under related contracts are unavailable for offset or insufficient in value to offset the payment obligation to the counterparty.
- 2) When certain derivative contracts have credit-related contingent features under the International Swaps and Derivatives Association Master Agreement (generally swaps) with counterparties for contracts in a net liability position.

The Master Trust has liquidity risk if its assets decline by various, pre-specified rates over predetermined time periods. If this occurs, the Master Trust is 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, 2014 and 2013, the Master Trust had a fair value of \$19,889,583 and \$7,235,703, respectively, in contracts in a net liability position with contingent features; \$10,118,548 and \$3,114,931, respectively, were posted in collateral against those positions. In the event that a contingent event had occurred at December 31, 2014 and 2013, \$200,000 and \$0, respectively, 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, 2014 and 2013, these terminations would have required the Master Trust to settle trades with a fair value of \$19,063,750 and \$7,235,703, respectively.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 8 – Significant Investments

At December 31, 2014 and 2013, the Plan's investment in the Master Trust represented 5% or more of the net assets available for benefits.

Note 9 – Related-Party Transactions

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. In addition, certain investment management fees to JPM are included as a reduction of the return earned on investments.

Note 10 – Tax Status

The Plan received a determination letter dated February 6, 2015, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable sections of the Internal Revenue Code (IRC). Plan management believes the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC.

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, 2014 and 2013, 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 2011.

Note 11 – Nonexempt Party-in-Interest Transactions

On February 24, 2014, a reportable nonexempt party-in-interest transaction occurred. Plan assets were inadvertently received by Boeing. The Plan was corrected according to the guiding principles of the Department of Labor's (DOL's) Voluntary Fiduciary Correction Program (VFCP), which involved remitting the total principal amount of \$43 and associated lost earnings in the amount of \$1 to the Plan on February 12, 2015 and April 3, 2015, respectively.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 11 – Nonexempt Party-in-Interest Transactions (Continued)

On July 18, 2013, a reportable nonexempt party-in-interest transaction occurred. Plan assets were inadvertently used to make a duplicate payment to a third-party provider. The Plan was corrected according to the guiding principles of the DOL's VFCP, which involved remitting the total principal amount of \$30 and associated lost earnings in the amount of \$1 to the Plan on July 26, 2013 and February 12, 2014, respectively.

During 2011 through 2013, a reportable nonexempt party-in-interest transaction existed. Plan assets were inadvertently used in a cross-trade transaction. The Plan was corrected according to the guiding principles of the DOL's VFCP, which involved remitting the total principal amount of \$14 and associated lost earnings in the amount of \$1 to the Plan on November 26, 2014.

Note 12 – Subsequent Events

Effective January 1, 2016, pay-based benefit accruals for participants in the Plan will cease. As a result of the freezing of the benefit accruals, beginning January 1, 2016, the Company will increase the employer matching percentage in the Aviall, Inc. Employee Savings Plan (the Savings Plan) for eligible employees from 50% to 75% of each employee's contributions up to 8% of the employee's eligible compensation. In addition, the Company will make additional contributions to the Savings Plan for eligible employees who are participants of the Plan based on eligible compensation and age.

SUPPLEMENTAL SCHEDULE

AVIAL, INC. RETIREMENT PLAN**EIN: 65-0433083****PLAN #: 001****SCHEDULE G, PART III – SCHEDULE OF NONEXEMPT TRANSACTIONS****YEAR ENDED DECEMBER 31, 2014**

<u>Party Involved</u>	<u>Relationship to Plan</u>	<u>Description of Transaction</u>	<u>Cost of Asset</u>	<u>Current Value of Asset</u>	<u>Net Gain on Each Transaction</u>
Paul Hastings LLP	Service Provider	Plan assets were inadvertently used to make a duplicate payment to a third-party provider	\$ 30	\$ 31	\$ 1
Ambassador	Service Provider	Plan assets were inadvertently used in a cross-trade transaction	\$ 14	\$ 15	\$ 1
The Boeing Company	Plan Sponsor	Plan assets were inadvertently received by the Plan Sponsor	\$ 43	\$ 44	\$ 1

Schedule SB, Line 26 – Schedule of Active Participant Data as of January 1, 2014

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		11		1		0		0		0		0		0		0		0	
25 - 29	0		40	48,405	26	48,263	1		0		0		0		0		0		0	
30 - 34	0		50	60,075	68	61,640	14		1		0		0		0		0		0	
35 - 39	0		50	69,550	63	65,036	33	75,311	7		0		0		0		0		0	
40 - 44	0		53	83,056	77	78,441	28	64,302	12		5		0		0		0		0	
45 - 49	0		33	81,529	50	79,078	39	71,998	14		12		10		0		0		0	
50 - 54	0		32	78,732	63	78,660	31	79,508	19		12		23	98,662	6		1		0	
55 - 59	0		28	87,391	49	68,487	23	81,817	14		7		23	83,906	9		6		1	
60 - 64	0		9		15		13		7		2		13		6		4		1	
65 - 69	0		0		7		9		0		4		6		3		4		1	
70 & Over	0		1		0		0		0		0		3		0		0		0	

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

Economic Assumptions

Interest rate basis:

Applicable month	September
Interest rate basis	3-Segment Rates

Interest rates:

	Reflecting HATFA Corridors	Not Reflecting HATFA Corridors (used for PBGC purposes on p. 8)
First segment rate	4.99%	1.37%
Second segment rate	6.32%	4.05%
Third segment rate	6.99%	5.06%
Effective interest rate	6.56%	4.49%

Annual rates of increase

Compensation:	4.59%
---------------	-------

Representative rates

The rates at which compensation is assumed to increase by age is shown below:

Age	Rates
25	9.5%
30	8.0%
35	6.5%
40	5.0%
45	3.9%
50+	3.5%

Future Social Security wage bases	3.50%
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Demographic Assumptions

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

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

Mortality (Healthy and Disabled) Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2029 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2021 using Scale AA).

Termination Rates varying by age.

Percentage leaving during the year

Attained Age	Rates
20	15.0%
25	12.0%
30	10.0%
35	10.0%
40+	5.0%

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

Percentage becoming disabled during the year

Age	Rates
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.)

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

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 assumed to retire during the year	
Age	Rates
55 – 61	5.0%
62	15.0%
63 – 64	5.0%
65	15.0%

Form of payment Participants are assumed to elect the normal form.

Percent married 80% of males; 80% of females. Used to value pre-retirement surviving spouse benefits and in determining the optional forms expected to be elected at commencement

Spouse age Wife three years younger than husband.

Covered pay Compensation assumed to be 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.

Administrative expenses \$530,000 for 2014.

Plan-related expenses are assumed to be the actual prior year administrative expenses adjusted for the expected change in the PBGC variable premium, rounded up to two significant digits.

At-risk assumptions For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan 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.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets [for determining minimum required contributions]	<p>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. The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2013 plan year.)</p> <p>The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.</p>

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Benefits not valued

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

Change in assumptions and methods since prior valuation

The rate of compensation increase was updated after the 2013 experience study.

The assumed rates of termination were revised to more closely reflect anticipated experience under the plan.

The assumed rates of retirement were revised to better reflect anticipated experience under the plan.

The PPA mortality changed from generational projection to the PPA statutory static projection.

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 2014 This Form is Open to Public Inspection
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For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
▶ 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 ☐ Other		
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>2014</u>			
2 Assets:			
a Market value	2a	<u>145448246</u>	
b Actuarial value	2b	<u>143850334</u>	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	<u>1017</u>	<u>39396301</u>	<u>39396301</u>
b For terminated vested participants	<u>1001</u>	<u>28031854</u>	<u>28031854</u>
c For active participants	<u>1153</u>	<u>41209881</u>	<u>48078943</u>
d Total	<u>3171</u>	<u>108638036</u>	<u>115507098</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>6.56%</u>	
6 Target normal cost	6	<u>5319045</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>Joanie Roberts</u> <div style="text-align: center;"></div> Signature of actuary	<div style="text-align: center;"><u>6/25/15</u></div> Date <u>1407295</u> Most recent enrollment number <u>214-530-4200</u> Telephone number (including area code)
<u>JOANIE ROBERTS</u> Type or print name of actuary <u>TOWERS WATSON DELAWARE INC.</u> Firm name <u>500 N. AKARD STREET, SUITE 4100</u> <u>DALLAS TX 75201</u> Address of the firm		

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	12690970	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	12690970	0
10 Interest on line 9 using prior year's actual return of <u>6.34%</u>	804607	0
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(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.36%</u>		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		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)	13495577	0

Part III Funding Percentages

14 Funding target attainment percentage	14	112.85%
15 Adjusted funding target attainment percentage	15	124.53%
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	120.92%
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

(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
Totals ▶			18(b)	0	18(c)
				0	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	0

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

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

21 Discount rate:			
a Segment rates:	1st segment: 4.99%	2nd segment: 6.32%	3rd segment: 6.99%
			☐ N/A, full yield curve used
b Applicable month (enter code)			21b 4
22 Weighted average retirement age			22 64
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	5319045	
b Excess assets, if applicable, but not greater than line 31a	31b	5319045	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	0		0
b Waiver amortization installment	0		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	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
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

Plan Sponsor	Aviall, Inc.
EIN/PN	65-0433083/001
Plan Name	Aviall, Inc. Retirement Plan
Valuation Date	January 1, 2014
Enrolled Actuary	Joanie Roberts
Enrollment Number	14-07295

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, 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

Plan Sponsor

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 21.

Plan Year

The twelve-month period ending December 31.

Coverage and Participation

The Aviall, Inc. Retirement Plan closed to new entrants as of March 6, 2014.

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.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

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.

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 2002) 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

The Aviall, Inc. Retirement Plan will be frozen to future benefit accruals effective January 1, 2016.

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.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Accrued Benefit

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

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.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

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.

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 for Participants Who Terminate Prior to Early Retirement Eligibility	Factor for Early Retirement or Applicable Change of Control Group
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%

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

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.

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 sums 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.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Special Provisions for Top-Heavy Plans

Not applicable; the plan is not top-heavy.

Changes in Plan Provisions since Last Actuarial Valuation

The 401(a)(17) limit increased from \$255,000 in 2013 to \$260,000 in 2014.

The Aviall, Inc. Retirement Plan closed to new entrants as of March 6, 2014.

The Aviall, Inc. Retirement Plan will be frozen to future benefit accruals effective January 1, 2016.

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

Economic Assumptions

Interest rate basis:

Applicable month	September
Interest rate basis	3-Segment Rates

Interest rates:

	Reflecting HATFA Corridors	Not Reflecting HATFA Corridors (used for PBGC purposes on p. 8)
First segment rate	4.99%	1.37%
Second segment rate	6.32%	4.05%
Third segment rate	6.99%	5.06%
Effective interest rate	6.56%	4.49%

Annual rates of increase

Compensation:	4.59%
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Representative rates

The rates at which compensation is assumed to increase by age is shown below:

Age	Rates
25	9.5%
30	8.0%
35	6.5%
40	5.0%
45	3.9%
50+	3.5%

Future Social Security wage bases	3.50%
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Demographic Assumptions

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

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

Mortality (Healthy and Disabled) Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2029 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2021 using Scale AA).

Termination Rates varying by age.

Percentage leaving during the year

Attained Age	Rates
20	15.0%
25	12.0%
30	10.0%
35	10.0%
40+	5.0%

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

Percentage becoming disabled during the year

Age	Rates
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.)

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

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 assumed to retire during the year	
Age	Rates
55 – 61	5.0%
62	15.0%
63 – 64	5.0%
65	15.0%

Form of payment

Participants are assumed to elect the normal form.

Percent married

80% of males; 80% of females. Used to value pre-retirement surviving spouse benefits and in determining the optional forms expected to be elected at commencement

Spouse age

Wife three years younger than husband.

Covered pay

Compensation assumed to be 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.

Administrative expenses \$530,000 for 2014.

Plan-related expenses are assumed to be the actual prior year administrative expenses adjusted for the expected change in the PBGC variable premium, rounded up to two significant digits.

At-risk assumptions

For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan 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.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets [for determining minimum required contributions]	<p>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. The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2013 plan year.)</p> <p>The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.</p>

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Benefits not valued

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

Change in assumptions and methods since prior valuation

The rate of compensation increase was updated after the 2013 experience study.

The assumed rates of termination were revised to more closely reflect anticipated experience under the plan.

The assumed rates of retirement were revised to better reflect anticipated experience under the plan.

The PPA mortality changed from generational projection to the PPA statutory static projection.