# 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).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2014**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**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
- [X] 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. . . . . ▶ [X]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**1b** Three-digit plan number (PN) ▶ 061

**1c** Effective date of plan 10/06/2000

**2a** Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

C/O BOEING EMPLOYEE BENEFITS

P.O. BOX 3707 M/C 9U7-03
SEATTLE, WA 98124-2207

100 N. RIVERSIDE PLAZA
CHICAGO, IL 60606-1596

**2b** Employer Identification Number (EIN)
91-0425694

**2c** Plan Sponsor's telephone number
866-473-2016

**2d** Business code (see instructions)
336410

**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. | 10/05/2015 | SCOTT BUCHANAN |
| | **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

EMPLOYEE BENEFIT PLANS COMMITTEE THE BOEING COMPANY

100 N. RIVERSIDE PLAZA
CHICAGO, IL 60606-1596

**3b** Administrator's EIN 58-2405861

**3c** Administrator's telephone number 312-544-2297

**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** | 2139 |
| **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)** | 766 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 753 |
| **b** | Retired or separated participants receiving benefits | **6b** | 615 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 630 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 1998 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 97 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 2095 |
| **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** | |
| **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 3F 3H

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

**9a** Plan funding arrangement (check all that apply)

- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

**9b** Plan benefit arrangement (check all that apply)

- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

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

**a Pension Schedules**

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

**b General Schedules**

- **(1)** ☒ **H** (Financial Information)
- **(2)** ☐ **I** (Financial Information – Small Plan)
- **(3)** ☐ 0 **A** (Insurance Information)
- **(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_____

# 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**

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
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**B** Three-digit plan number (PN) ▶ 061

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

**D** Employer Identification Number (EIN)
91-0425694

**E** Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

**F** Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

## Part I Basic Information

**1** Enter the valuation date: Month 01 Day 01 Year 2014

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 291729398 |
| **b** Actuarial value | **2b** | 288875209 |

**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 | 739 | 139458812 | 139458812 |
| **b** For terminated vested participants | 655 | 18574481 | 18574481 |
| **c** For active participants | 788 | 94452570 | 131770316 |
| **d** Total | 2182 | 252485863 | 289803609 |

**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** | 6.44% |
| **6** Target normal cost | **6** | 7309568 |

**Statement by Enrolled Actuary**

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

**SIGN HERE**

Signature of actuary

09/08/2015
Date

CHRIS NOBLE
Type or print name of actuary

14-06196
Most recent enrollment number

TOWERS WATSON DELAWARE INC.
Firm name

206-625-1125
Telephone number (including area code)

600 UNIVERSITY STREET, SUITE 3100
SEATTLE, WA 98101-1176
Address of the firm

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

## 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) | 26091952 | 13417908 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | 9040956 | 0 |
| 9 | Amount remaining (line 7 minus line 8) | 17050996 | 13417908 |
| 10 | Interest on line 9 using prior year's actual return of 5.85% | 997483 | 784948 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | a Present value of excess contributions (line 38a from prior year) | | 7221181 |
| | 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 6.36 % | | 459267 |
| | 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 | | 7680448 |
| | d Portion of (c) to be added to prefunding balance | | |
| 12 | Other reductions in balances due to elections or deemed elections | 12000000 | |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 6048479 | 14202856 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 92.69 % |
| 15 | Adjusted funding target attainment percentage | 15 | 92.69 % |
| 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 | 101.06 % |
| 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 |
|---|---|---|---|---|---|
| 07/01/2014 | | 523872 | | | |
| 08/31/2015 | 2000000 | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | Totals ► 18(b) | 2000000 | 18(c) 523872 |

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? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

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

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

**21** Discount rate:

**a** Segment rates:

| 1st segment: | 2nd segment: | 3rd segment: | |
|---|---|---|---|
| 4.99 % | 6.32 % | 6.99 % | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | 4 |
| **22** Weighted average retirement age | **22** | 59 |

**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** | 7309568 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 0 |

| **32** Amortization installments: | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 21179735 | 3544619 |
| **b** Waiver amortization installment | | 0 |

| | | |
|---|---|---|
| **33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____ ) and the waived amount | **33** | |
| **34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) | **34** | 10854187 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| **35** Balances elected for use to offset funding requirement | 6048479 | 5551521 | 11600000 |

| | | |
|---|---|---|
| **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** | 1802729 |
| **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** | |

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2014**<br>**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
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**B** Three-digit plan number (PN) ▶ 061

**C** Plan sponsor's name as shown on line 2a of Form 5500
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

**D** Employer Identification Number (EIN)
91-0425694

## Part I Service Provider Information (see instructions)

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

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 | SERVICE PROVIDER | 109242 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

XEROX HR SOLUTIONS, LLC

16-4068020

| (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? |
|---|---|---|---|---|---|---|
| 13 15 | SERVICE PROVIDER | 78474 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

DELOITTE & TOUCHE, LLP

13-3891517

| (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 | AUDITOR | 56682 | 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)

THE BOEING CO AND CONSOLIDATED SUBS

91-0425694

| (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 | PLAN SPONSOR | 36114 | Yes [X] No [ ] | Yes [ ] No [X] | 15 | Yes [ ] No [X] |

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

STATE STREET BANK AND TRUST COMPANY

04-3581074

| (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? |
|---|---|---|---|---|---|---|
| 13 15 49 | SERVICE PROVIDER | 25955 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

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

PLANTE & MORAN, PLLC

38-1357951

| (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 50 | AUDITOR | 22498 | Yes [ ] No [X] | 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)

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 | SERVICE PROVIDER | 11353 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

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

VOYA FINANCIAL

02-0488491

| (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? |
|---|---|---|---|---|---|---|
| 13 15 | SERVICE PROVIDER | 10390 | Yes [ ] No [X] | 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 |
|---|---|---|
| | | |

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

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

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

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

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

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | | |
|---|---|---|
| **a** Name: DELOITTE & TOUCHE, LLP | **b** EIN: 13-3891517 | |
| **c** Position: AUDITOR | | |
| **d** Address: 925 FOURTH AVENUE, SUITE 3300<br>SEATTLE, WA 98104 | **e** Telephone: 206-716-7000 | |

Explanation: HIRED A NEW AUDIT FIRM

| | | |
|---|---|---|
| **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)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## 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

**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
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**B** Three-digit plan number (PN) ▶ 061

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

**D** Employer Identification Number (EIN)
91-0425694

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: TBCERP MASTER TRUST

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

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 91-0425694-062 | M | 287019736 |

**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) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

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

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

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

# SCHEDULE G (Form 5500)

Department of Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## Financial Transaction Schedules

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**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
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**B** Three-digit plan number (PN) ▶ 061

**C** Plan sponsor's name as shown on line 2a of Form 5500
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

**D** Employer Identification Number (EIN)
91-0425694

## 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.

| (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 |
|---|---|---|---|
| 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 |
|---|---|---|---|---|---|
| | | | 26 | 29 | 3 |

| (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 SPONSOR | 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 |
|---|---|---|---|---|---|
| | | | 84 | 86 | 2 |

| (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 |
|---|---|---|---|---|---|
| | | | 60 | 61 | 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)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**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
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**B** Three-digit plan number (PN) ▶ 061

**C** Plan sponsor's name as shown on line 2a of Form 5500
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

**D** Employer Identification Number (EIN)
91-0425694

## 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) | 1314 | 6042 |
| **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) | 284077656 | 287019736 |
| **(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) | | |

| | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **1d** Employer-related investments: | | | |
| **(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 | 284078970 | 287025778 |
| **Liabilities** | | | |
| **g** Benefit claims payable | 1g | | |
| **h** Operating payables | 1h | 30020 | 35015 |
| **i** Acquisition indebtedness | 1i | | |
| **j** Other liabilities | 1j | | |
| **k** Total liabilities (add all amounts in lines 1g through1j) | 1k | 30020 | 35015 |
| **Net Assets** | | | |
| **l** Net assets (subtract line 1k from line 1f) | 1l | 284048950 | 286990763 |

## 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) | 8000000 | |
| **(B)** Participants | 2a(1)(B) | 523872 | |
| **(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) | | 8523872 |
| **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) | | 27604352 |
| **(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 | | 36128224 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 32727335 | |
| **(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) | | 32727335 |
| **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) | 201154 | |
| **(2)** Contract administrator fees | 2i(2) | 114819 | |
| **(3)** Investment advisory and management fees | 2i(3) | 18352 | |
| **(4)** Other | 2i(4) | 124751 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 459076 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 33186411 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 2941813 |
| **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)** [X] 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 [X] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: PLANTE & MORAN, PLLC **(2)** EIN: 38-1357951

**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:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | X | | 20018 |
| **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.) | 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.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | X | | 176 |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 95000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | | X | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ **Yes** ☒ **No** **Amount:**

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

| **5b(1)** Name of plan(s) | **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.**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** Name of plan
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**B** Three-digit plan number (PN) ▶ 061

**C** Plan sponsor's name as shown on line 2a of Form 5500
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

**D** Employer Identification Number (EIN)
91-0425694

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1** 0

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-3581074

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year ..... **3** 1713

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☒ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6 a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☒ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11 a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## 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):

plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

# Independent Auditor's Report

To the Participants and Employee Benefit Plans
Committee
The Boeing Company

We have audited the accompanying financial statements of The Boeing Company Employee Retirement Plan, Boeing North American Retirement Plan, BSS Retirement Plan, BSS Retirement Plan for Bargained Employees, Employee Retirement Income Plan – Hourly East, Employee Retirement Income Plan – Hourly West, Non-Contributory Retirement Plan, and The Pension Value Plan for Employees of The Boeing Company (collectively, the "Plans") which comprise the statements of net assets available for benefits as of December 31, 2014 and the related statements of changes in net assets available for benefits for the year 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 opinions on the 2014 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 audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 on the 2014 financial statements.

## *Opinion*

In our opinion, the 2014 financial statements referred to above present fairly, in all material respects, the net assets of the Plans as of December 31, 2014 and the changes in net assets for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

***Emphasis of Matter***

As explained in Note 5 to the financial statements, The Boeing Company Employee Retirement Plans Master Trust ("Master Trust") holds investments valued at approximately $8.4 billion at December 31, 2014 (approximately 14% of the Master Trust's net assets) whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on methods described in Note 2 to the financial statements. Our opinion is not modified with respect to this matter.

***Report on Supplemental Information***

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental schedules of nonexempt transactions and delinquent participant contributions for the year ended December 31, 2014 are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplemental 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 Plans' 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.

***Report on Prior Year Financial Statements***

The financial statements of The Boeing Company Employee Retirement Plan, Boeing North American Retirement Plan, BSS Retirement Plan, BSS Retirement Plan for Bargained Employees, Employee Retirement Income Plan – Hourly East, Employee Retirement Income Plan – Hourly West, Non-Contributory Retirement Plan, and The Pension Value Plan for Employees of The Boeing Company as of and for the year ended December 31, 2013 were audited by other auditors, whose reports dated July 25, 2014 expressed unqualified opinions on those statements. Those reports included an emphasis of matter paragraph indicating that The Boeing Company Employee Retirement Plans Master Trust held investments valued at approximately $8.2 billion at December 31, 2013 (approximately 14% of the Master Trust's net assets at that date) whose fair values were estimated by management, in the absence of readily determinable fair values, using the methods described in Note 2 to the financial statements.

Plante & Moran, PLLC

Southfield, Michigan
August 17, 2015

**BSS Retirement Plan for Bargained Employees**
**EIN: 91-0425694**
**PN: 061**
**Schedule SB, Line 26 — Schedule of Active Participant Data**

# Schedule SB, Line 26 – Schedule of Active Participant Data

| Attained Age | Years of Credited Service[1] | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 1 | | 7 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | | |
| 25 - 29 | 5 | | 20 | 65,537 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | | |
| 30 - 34 | 2 | | 11 | | 8 | | 1 | | 0 | | 0 | | 0 | | 0 | | 0 | | | |
| 35 - 39 | 4 | | 17 | | 5 | | 10 | | 0 | | 0 | | 0 | | 0 | | 0 | | | |
| 40 - 44 | 3 | | 18 | | 14 | | 8 | | 8 | | 0 | | 0 | | 0 | | 0 | | | |
| 45 - 49 | 12 | | 27 | 94,734 | 10 | | 13 | | 16 | | 15 | | 3 | | 0 | | 0 | | | |
| 50 - 54 | 23 | 138,176 | 57 | 111,598 | 48 | 98,799 | 40 | 94,392 | 44 | 90,231 | 33 | 83,121 | 24 | 81,640 | 17 | | 0 | | | |
| 55 - 59 | 7 | | 32 | 99,244 | 19 | | 21 | 82,206 | 21 | 81,484 | 18 | | 26 | 73,035 | 12 | | 2 | | | |
| 60 - 64 | 5 | | 8 | | 6 | | 8 | | 11 | | 11 | | 11 | | 6 | | 1 | | | |
| 65 - 69 | 1 | | 6 | | 2 | | 3 | | 6 | | 4 | | 1 | | 5 | | 0 | | | |
| 70 & Over | 0 | | 1 | | 3 | | 1 | | 0 | | 2 | | 1 | | 2 | | 1 | | | |

[1] Age and service for purposes of determining category are based on exact (not rounded) values.



TOWERS WATSON

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

## Economic Assumptions

Interest rate basis:

| | |
|---|---|
| ▸ Applicable month | September 2013 |
| ▸ Interest rate basus | 3-Segment Rates |

| Interest rates: | Reflecting Corridors | Not Reflecting Corridors |
|---|---|---|
| ▸ First segment rate | 4.99% | 1.37% |
| ▸ Second segment rate | 6.32% | 4.05% |
| ▸ Third segment rate | 6.99% | 5.06% |
| ▸ Effective interest rate | 6.44% | 4.28% |

Annual rates of increase in:

| | |
|---|---|
| ▸ Salary | |
| – Contributory benefit structure | 4.00% |
| – Non-contributory benefit structure | 5.00% |
| ▸ Assumed Cost of Living Adjustments | 3.00% |
| ▸ Social Security Wage Base | 3.50% |
| ▸ Consumer Price Index | 3.00% |
| ▸ Statutory limits on compensation and benefits | N/A |
| ▸ Assumed earnings rate on investments | 6.76%[1] |

The rates not reflecting HATFA corridors are to be used for purposes of determining the deductible limit.

[1] Used to develop the expected return in 2013 for the development of the actuarial value of assets. Represents the lesser of the long-term expected asset return and third segment rate used for the 2013 valuation.

## Demographic Assumptions

Mortality

The prescribed mortality assumption under Section 430(h)(3)(A) of the Internal Revenue Code using static tables with separate mortality rates for annuitants and non-annuitants.

Termination

Representative termination rates not due to disability, retirement, or mortality.

| Age | Contributory | Non-Contributory |
|---|---|---|
| 20 | 0.050 | 0.300 |
| 25 | 0.036 | 0.216 |
| 30 | 0.032 | 0.192 |
| 35 | 0.027 | 0.162 |
| 40 | 0.022 | 0.132 |
| 45 | 0.018 | 0.105 |
| 50 | 0.000 | 0.075 |
| 55 | 0.000 | 0.000 |

Rates are 0.0% if eligible to retire.

Disability

None.

Retirement

Rates varying by age:

| Age | Non-contributory | Contributory non-R75 eligible actives | Contributory R75 unreduced eligible actives |
|---|---|---|---|
| 55 | 0.150 | 0.300 | 0.300 |
| 56 | 0.075 | 0.165 | 0.200 |
| 57 | 0.075 | 0.165 | 0.200 |
| 58 | 0.075 | 0.165 | 0.200 |
| 59 | 0.075 | 0.165 | 0.200 |
| 60 | 0.075 | 0.225 | 0.250 |
| 61 | 0.075 | 0.150 | 0.200 |
| 62 | 0.375 | 0.220 | 0.270 |
| 63 | 0.225 | 0.220 | 0.270 |
| 64 | 0.225 | 0.220 | 0.270 |
| 65 | 0.750 | 0.400 | 0.450 |
| 66 | 0.200 | 0.300 | 0.350 |
| 67 | 0.200 | 0.300 | 0.350 |
| 68 | 0.200 | 0.300 | 0.350 |
| 69 | 0.990 | 0.990 | 0.990 |
| 70 | 1.000 | 1.000 | 1.000 |

| | |
|---|---|
| Form of payment | For contributory participants, 80% are assumed to elect a five-year certain annuity and 20% are assumed to elect a single life annuity. For non-contributory participants, 80% are assumed to elect a ten-year certain annuity and 20% are assumed to elect a single life annuity. Actuarial equivalence for the certain payment options is determined using the IRS Revenue Ruling 2001-62 mortality table and a discount rate of 3.09% which is the 24-month average of 30-year treasury rates for the period ending September 2013.<br><br>A post-retirement cost-of-living assumption of 4.00% is applied for eligible contributory participants when converting to alternative benefit payment options. |
| Percent married | For purpose of valuing the pre-retirement surviving spouse's benefit, 85% of eligible participants are assumed to be married. |
| Spouse age | Wife three years younger than male employee, husband three years older than female employee. |
| Pay load factor | To reflect estimated overtime and incentive pay, a load factor of 18% is applied to the pay rate at the valuation date. |
| Interest on Employee Contributions | It is assumed employee contributions will be credited with interest at the rate of 1.41% annually, which is based on the 24-month average of 120% of the Applicable Federal Rate for the period ending December 2013. |
| Plan-related expenses | Plan-related expenses are assumed to be the actual 2013 administrative expenses adjusted for the expected change in PBGC variable premium, rounded to two significant digits. |
| Employees | It was assumed that there will be no new or rehired employees. |
| Benefit commencement for terminated vested participants | Terminated vested participants are assumed to commence benefits at age 60, or immediately if past age 60. Participants over age 65 are assumed to collect a retroactive payment equal to the sum of their missed payments, increased with interest to their age as of the valuation date. It is also assumed that only 10% of terminated vested participants age 75 and older will be located and collect their benefits. |

## Methods

| | |
|---|---|
| Valuation date | First day of plan year |
| Funding target | Present value of accrued benefits |
| Target normal cost | Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year |
| Actuarial value of assets | Average of the market value of assets on the valuation date and the preceding two valuation dates, adjusted for contributions, benefits, administrative expenses and expected return. The average asset value must be within 10% of the market value on the valuation date, including contributions receivable.<br><br>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 bias to produce an actuarial value of assets that is below the market value of assets. |

## Funding policy

The funding policy of the Plan is to contribute an amount each year that is at least equal to the minimum required contribution under federal law and that is tax-deductible under the Internal Revenue Code.

## Benefits not valued

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

## Data Sources

Towers Watson used asset data supplied by The Boeing Company. The Boeing Company, through its third-party administrator, furnished participant data as of January 1, 2014. The Boeing Company furnished the dates and amounts of the plan contributions. Data were reviewed for reasonableness and consistency, but no audit was performed. Assumptions or estimates were made by The Boeing Company and Towers Watson when data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The following adjustments were made to the data for this report:

- Data received from the record keeper was supplemented with prior record keeper (Fidelity) data pertaining to the withdrawal of employee contribution amounts for active records.
- Estimated benefits for active transfer participants are based on pay rate rather than actual earnings history at transfer, as complete data for these participants is not available.
- For male participants currently in payout status with a joint and survivor benefit, the spouse is assumed to be three years younger. For female participants currently in payout status with a joint and survivor benefit, the spouse is assumed to be three years older. Same age difference assumption was used for surviving beneficiaries currently in payment status based on deceased participant's birth date. This assumption was made since the birth date for most of the beneficiaries is not currently available. Actual beneficiary date of birth is used when available.

# 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**

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
BSS RETIREMENT PLAN FOR BARGAINED EMPLOYEES

**B** Three-digit plan number (PN) ▶ 061

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
THE BOEING CO. AND CONSOLIDATED SUBSIDIARIES

**D** Employer Identification Number (EIN)
91-0425694

**E** Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

**F** Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

## Part I Basic Information

**1** Enter the valuation date: Month 01 Day 01 Year 2014

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | 2a | 291729398 |
| **b** Actuarial value | 2b | 288875209 |

**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 | 739 | 139458812 | 139458812 |
| **b** For terminated vested participants | 655 | 18574481 | 18574481 |
| **c** For active participants | 788 | 94452570 | 131770316 |
| **d** Total | 2182 | 252485863 | 289803609 |

**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 | 6.44% |
| **6** Target normal cost | 6 | 7309568 |

**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**

Chris Noble CN

Signature of actuary

09/08/2015

Date

CHRIS NOBLE

Type or print name of actuary

1406196

Most recent enrollment number

TOWERS WATSON DELAWARE INC.

Firm name

206-625-1125

Telephone number (including area code)

600 UNIVERSITY STREET, SUITE 3100

SEATTLE WA 98101-1176

Address of the firm

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

## 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) | 26091952 | 13417908 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | 9040956 | 0 |
| 9 | Amount remaining (line 7 minus line 8) | 17050996 | 13417908 |
| 10 | Interest on line 9 using prior year's actual return of 5.85% | 997483 | 784948 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | a Present value of excess contributions (line 38a from prior year) | | 7221181 |
| | 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 6.36% | | 459267 |
| | 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 | | 7680448 |
| | d Portion of (c) to be added to prefunding balance | | |
| 12 | Other reductions in balances due to elections or deemed elections | 12000000 | |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 6048479 | 14202856 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 92.69% |
| 15 | Adjusted funding target attainment percentage | 15 | 92.69% |
| 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 | 101.06% |
| 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 |
|---|---|---|---|---|---|
| 07/01/2014 | | 523872 | | | |
| 08/31/2015 | 2000000 | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | Totals ▶ 18(b) | 2000000 | 18(c) | 523872 |

| | | | |
|---|---|---|---|
| 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? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

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

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

**21** Discount rate:

**a** Segment rates:

| 1st segment: | 2nd segment: | 3rd segment: | ☐ N/A, full yield curve used |
|---|---|---|---|
| 4.99% | 6.32% | 6.99% | |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | 21b | 4 |
| **22** Weighted average retirement age | 22 | 59 |

**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 | 7309568 |
| **b** Excess assets, if applicable, but not greater than line 31a | 31b | 0 |

**32** Amortization installments:

| | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 21179735 | 3544619 |
| **b** Waiver amortization installment | | 0 |

| | | |
|---|---|---|
| **33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount | 33 | |
| **34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) | 34 | 10854187 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| **35** Balances elected for use to offset funding requirement | 6048479 | 5551521 | 11600000 |

| | | |
|---|---|---|
| **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 | 1802729 |
| **b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances | 38b | 1802729 |
| **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 | |

# Schedule SB, Line 18c – Employee Contributions Paid for the 2014 Plan Year

The following schedule of employee contributions reflects actual dates and contributions. Due to limited space, line 18c of the 2014 Schedule SB for BSS Retirement Plan for Bargained Employees shows the total employee contributions for the 2014 plan year at July 1, 2014.

| Date (MM/DD/YYYY) | Amount paid by employees |
|---|---|
| 01/15/2014 | 60,311 |
| 02/15/2014 | 39,537 |
| 03/15/2014 | 38,936 |
| 04/15/2014 | 38,561 |
| 05/15/2014 | 56,362 |
| 06/15/2014 | 38,652 |
| 07/15/2014 | 37,758 |
| 08/15/2014 | 38,071 |
| 09/15/2014 | 37,312 |
| 10/15/2014 | 57,826 |
| 11/15/2014 | 19,791 |
| 12/15/2014 | 60,755 |
| | **523,872** |

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

See Schedule SB, Part V – Statement of Actuarial Assumptions and Methods attachment for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

| Age | Combined Rate of Retirement* | Number of Retirements | Number of Remaining Participants** | Weighted Average Age |
|---|---|---|---|---|
| | | | 100,000 | |
| 55 | 23% | 23,000 | 77,000 | 1,265,000 |
| 56 | 13% | 10,010 | 66,990 | 560,560 |
| 57 | 12% | 8,039 | 58,951 | 458,212 |
| 58 | 12% | 7,074 | 51,877 | 410,300 |
| 59 | 12% | 6,225 | 45,652 | 367,290 |
| 60 | 14% | 6,391 | 39,261 | 383,475 |
| 61 | 11% | 4,319 | 34,942 | 263,438 |
| 62 | 33% | 11,531 | 23,411 | 714,911 |
| 63 | 23% | 5,385 | 18,027 | 339,226 |
| 64 | 23% | 4,146 | 13,880 | 265,350 |
| 65 | 63% | 8,745 | 5,136 | 568,403 |
| 66 | 26% | 1,335 | 3,800 | 88,130 |
| 67 | 26% | 988 | 2,812 | 66,204 |
| 68 | 25% | 703 | 2,109 | 47,810 |
| 69 | 99% | 2,088 | 21 | 144,083 |
| 70 | 100% | 21 | - | 1,476 |

**Weighted Average Age** **59.439**

* Combined rates for contributory and noncontributory plan participants

** Assuming 100,000 participants

# Statement by Enrolled Actuary

| | |
|---|---|
| **Plan Sponsor** | The Boeing Company and Consolidated Subsidiaries |
| **EIN/PN** | 91-0425694/061 |
| **Plan Name** | BSS Retirement Plan for Bargained Employees |
| **Valuation Date** | January 1, 2014 |
| **Enrolled Actuary** | Chris Noble |
| **Enrollment Number** | 14-06196 |

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 Boeing Company. 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 Boeing Company.

# The Boeing Company Employee Retirement Plans

Financial Report
December 31, 2014

# THE BOEING COMPANY EMPLOYEE RETIREMENT PLANS

**TABLE OF CONTENTS**


| | Page |
|---|---|
| INDEPENDENT AUDITOR'S REPORT | 1–2 |
| FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013: | |
| Statements of Net Assets Available for Benefits | 3 |
| Statements of Changes in Net Assets Available for Benefits | 4 |
| Notes to Financial Statements | 5–44 |
| SUPPLEMENTAL SCHEDULES FOR THE YEAR ENDED DECEMBER 31, 2014: | |
| Schedules of Nonexempt Transactions | 45-52 |
| Schedules of Delinquent Participant Contributions | 53-54 |

plante moran

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# Independent Auditor's Report

To the Participants and Employee Benefit Plans
Committee
The Boeing Company

We have audited the accompanying financial statements of The Boeing Company Employee Retirement Plan, Boeing North American Retirement Plan, BSS Retirement Plan, BSS Retirement Plan for Bargained Employees, Employee Retirement Income Plan – Hourly East, Employee Retirement Income Plan – Hourly West, Non-Contributory Retirement Plan, and The Pension Value Plan for Employees of The Boeing Company (collectively, the "Plans") which comprise the statements of net assets available for benefits as of December 31, 2014 and the related statements of changes in net assets available for benefits for the year 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 opinions on the 2014 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 audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 on the 2014 financial statements.

## *Opinion*

In our opinion, the 2014 financial statements referred to above present fairly, in all material respects, the net assets of the Plans as of December 31, 2014 and the changes in net assets for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

***Emphasis of Matter***

As explained in Note 5 to the financial statements, The Boeing Company Employee Retirement Plans Master Trust ("Master Trust") holds investments valued at approximately $8.4 billion at December 31, 2014 (approximately 14% of the Master Trust's net assets) whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on methods described in Note 2 to the financial statements. Our opinion is not modified with respect to this matter.

***Report on Supplemental Information***

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental schedules of nonexempt transactions and delinquent participant contributions for the year ended December 31, 2014 are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplemental 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 Plans' 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.

***Report on Prior Year Financial Statements***

The financial statements of The Boeing Company Employee Retirement Plan, Boeing North American Retirement Plan, BSS Retirement Plan, BSS Retirement Plan for Bargained Employees, Employee Retirement Income Plan – Hourly East, Employee Retirement Income Plan – Hourly West, Non-Contributory Retirement Plan, and The Pension Value Plan for Employees of The Boeing Company as of and for the year ended December 31, 2013 were audited by other auditors, whose reports dated July 25, 2014 expressed unqualified opinions on those statements. Those reports included an emphasis of matter paragraph indicating that The Boeing Company Employee Retirement Plans Master Trust held investments valued at approximately $8.2 billion at December 31, 2013 (approximately 14% of the Master Trust's net assets at that date) whose fair values were estimated by management, in the absence of readily determinable fair values, using the methods described in Note 2 to the financial statements.

Plante & Moran, PLLC

Southfield, Michigan
August 17, 2015

**THE BOEING COMPANY EMPLOYEE RETIREMENT PLANS**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

| | December 31, 2014 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | The Boeing Company Employee Retirement Plan | Boeing North American Retirement Plan | BSS Retirement Plan | BSS Retirement Plan for Bargained Employees | Employee Retirement Income Plan - Hourly East | Employee Retirement Income Plan - Hourly West | Non-Contributory Retirement Plan | The Pension Value Plan for Employees of The Boeing Company | Total (Memorandum Only) |
| **Assets** | | | | | | | | | |
| Investments at fair value - Interest in Master Trust | $ 18,804,890,265 | $ 4,428,459,516 | $ 1,882,063,895 | $ 287,019,736 | $ 1,803,536,496 | $ 2,188,828,389 | $ 639,098,680 | $ 30,687,958,514 | $ 60,721,855,491 |
| Receivables - Other | 1,173,072 | 1,326,312 | 868,445 | 6,042 | 112,450 | 201,131 | 31,928 | 1,756,236 | 5,475,616 |
| Total assets | 18,806,063,337 | 4,429,785,828 | 1,882,932,340 | 287,025,778 | 1,803,648,946 | 2,189,029,520 | 639,130,608 | 30,689,714,750 | 60,727,331,107 |
| **Liabilities** - Accrued administrative expenses | 609,370 | 166,452 | 105,754 | 35,015 | 105,789 | 122,543 | 52,922 | 2,784,278 | 3,982,123 |
| **Net Assets Available for Benefits** | **$ 18,805,453,967** | **$ 4,429,619,376** | **$ 1,882,826,586** | **$ 286,990,763** | **$ 1,803,543,157** | **$ 2,188,906,977** | **$ 639,077,686** | **$ 30,686,930,472** | **$ 60,723,348,984** |

| | December 31, 2013 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | The Boeing Company Employee Retirement Plan | Boeing North American Retirement Plan | BSS Retirement Plan | BSS Retirement Plan for Bargained Employees | Employee Retirement Income Plan - Hourly East | Employee Retirement Income Plan - Hourly West | Non-Contributory Retirement Plan | The Pension Value Plan for Employees of The Boeing Company | Total (Memorandum Only) |
| **Assets** | | | | | | | | | |
| Investments at fair value - Interest in Master Trust | $ 17,387,686,432 | $ 4,416,379,441 | $ 1,868,427,270 | $ 284,077,656 | $ 1,704,674,586 | $ 1,986,660,768 | $ 608,649,185 | $ 29,590,416,329 | $ 57,846,971,667 |
| Receivables - Other | 936,307 | 983,794 | 1,004,229 | 1,314 | 88,689 | 184,985 | 22,353 | 1,451,923 | 4,673,594 |
| Total assets | 17,388,622,739 | 4,417,363,235 | 1,869,431,499 | 284,078,970 | 1,704,763,275 | 1,986,845,753 | 608,671,538 | 29,591,868,252 | 57,851,645,261 |
| **Liabilities** - Accrued administrative expenses | 960,381 | 291,018 | 132,614 | 30,020 | 105,819 | 153,971 | 41,558 | 1,563,110 | 3,278,491 |
| **Net Assets Available for Benefits** | **$ 17,387,662,358** | **$ 4,417,072,217** | **$ 1,869,298,885** | **$ 284,048,950** | **$ 1,704,657,456** | **$ 1,986,691,782** | **$ 608,629,980** | **$ 29,590,305,142** | **$ 57,848,366,770** |

See Notes to Financial Statements

**THE BOEING COMPANY EMPLOYEE RETIREMENT PLANS**
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**Year Ended December 31, 2014**

| | The Boeing Company Employee Retirement Plan | Boeing North American Retirement Plan | BSS Retirement Plan | BSS Retirement Plan for Bargained Employees | Employee Retirement Income Plan - Hourly East | Employee Retirement Income Plan - Hourly West | Non-Contributory Retirement Plan | The Pension Value Plan for Employees of The Boeing Company | Total (Memorandum Only) |
|---|---|---|---|---|---|---|---|---|---|
| **Additions** | | | | | | | | | |
| Net investment income from Master Trust | $ 1,753,915,413 | $ 433,360,978 | $ 181,923,052 | $ 27,604,352 | $ 189,879,331 | $ 248,721,530 | $ 61,084,491 | $ 2,976,035,878 | $ 5,872,525,025 |
| Employer contributions | 604,000,000 | - | 63,000,000 | 8,000,000 | 10,000,000 | 65,000,000 | - | - | 750,000,000 |
| Employee contributions | - | - | 4,550,990 | 523,872 | - | - | - | - | 5,074,862 |
| Total additions | 2,357,915,413 | 433,360,978 | 249,474,042 | 36,128,224 | 199,879,331 | 313,721,530 | 61,084,491 | 2,976,035,878 | 6,627,599,887 |
| **Deductions** | | | | | | | | | |
| Benefits paid directly to participants or beneficiaries | 921,728,170 | 412,231,780 | 234,508,088 | 32,727,335 | 98,202,893 | 108,080,472 | 29,880,119 | 1,817,717,433 | 3,655,076,290 |
| Administrative expenses | 18,395,634 | 8,582,039 | 1,438,253 | 459,076 | 2,790,737 | 3,425,863 | 756,666 | 61,693,115 | 97,541,383 |
| Total deductions | 940,123,804 | 420,813,819 | 235,946,341 | 33,186,411 | 100,993,630 | 111,506,335 | 30,636,785 | 1,879,410,548 | 3,752,617,673 |
| **Net Increase** | 1,417,791,609 | 12,547,159 | 13,527,701 | 2,941,813 | 98,885,701 | 202,215,195 | 30,447,706 | 1,096,625,330 | 2,874,982,214 |
| **Net Assets Available for Benefits** - Beginning of year | 17,387,662,358 | 4,417,072,217 | 1,869,298,885 | 284,048,950 | 1,704,657,456 | 1,986,691,782 | 608,629,980 | 29,590,305,142 | 57,848,366,770 |
| **Net Assets Available for Benefits** - End of year | **$ 18,805,453,967** | **$ 4,429,619,376** | **$ 1,882,826,586** | **$ 286,990,763** | **$ 1,803,543,157** | **$ 2,188,906,977** | **$ 639,077,686** | **$ 30,686,930,472** | **$ 60,723,348,984** |

**Year Ended December 31, 2013**

| | The Boeing Company Employee Retirement Plan | Boeing North American Retirement Plan | BSS Retirement Plan | BSS Retirement Plan for Bargained Employees | Employee Retirement Income Plan - Hourly East | Employee Retirement Income Plan - Hourly West | Non-Contributory Retirement Plan | The Pension Value Plan for Employees of The Boeing Company | Total (Memorandum Only) |
|---|---|---|---|---|---|---|---|---|---|
| **Additions** | | | | | | | | | |
| Net investment income from Master Trust | $ 984,865,662 | $ 253,266,877 | $ 106,556,972 | $ 16,295,677 | $ 95,892,059 | $ 112,528,775 | $ 34,575,994 | $ 1,669,827,644 | $ 3,273,809,660 |
| Employer contributions | 500,000,000 | - | - | - | - | - | - | 1,000,000,000 | 1,500,000,000 |
| Employee contributions | - | - | 6,127,755 | 633,961 | - | - | - | - | 6,761,716 |
| Total additions | 1,484,865,662 | 253,266,877 | 112,684,727 | 16,929,638 | 95,892,059 | 112,528,775 | 34,575,994 | 2,669,827,644 | 4,780,571,376 |
| **Deductions** | | | | | | | | | |
| Benefits paid directly to participants or beneficiaries | 828,866,946 | 425,710,827 | 137,165,993 | 22,022,563 | 95,030,727 | 106,201,850 | 28,458,911 | 1,125,103,114 | 2,768,560,931 |
| Administrative expenses | 15,288,456 | 8,002,023 | 1,093,367 | 386,700 | 2,067,054 | 3,027,408 | 651,600 | 20,410,499 | 50,927,107 |
| Total deductions | 844,155,402 | 433,712,850 | 138,259,360 | 22,409,263 | 97,097,781 | 109,229,258 | 29,110,511 | 1,145,513,613 | 2,819,488,038 |
| **Assets Transferred to Another Plan** | - | 455,981 | - | - | - | - | - | 5,771,347 | 6,227,328 |
| **Net Increase (Decrease)** | 640,710,260 | (180,901,954) | (25,574,633) | (5,479,625) | (1,205,722) | 3,299,517 | 5,465,483 | 1,518,542,684 | 1,954,856,010 |
| **Net Assets Available for Benefits** - Beginning of year | 16,746,952,098 | 4,597,974,171 | 1,894,873,518 | 289,528,575 | 1,705,863,178 | 1,983,392,265 | 603,164,497 | 28,071,762,458 | 55,893,510,760 |
| **Net Assets Available for Benefits** - End of year | **$ 17,387,662,358** | **$ 4,417,072,217** | **$ 1,869,298,885** | **$ 284,048,950** | **$ 1,704,657,456** | **$ 1,986,691,782** | **$ 608,629,980** | **$ 29,590,305,142** | **$ 57,848,366,770** |

See Notes to Financial Statements

## 1. DESCRIPTION OF THE PLANS

The following is a brief description of the following plans (collectively, the "Plans"), and provides only general information:

The Boeing Company Employee Retirement Plan ("BCERP Plan")
Boeing North American Retirement Plan ("BNA Plan")
BSS Retirement Plan ("BSS Plan")
BSS Retirement Plan for Bargained Employees ("BSSB Plan")
Employee Retirement Income Plan – Hourly East ("Hourly East Plan")
Employee Retirement Income Plan – Hourly West ("Hourly West Plan")
Non-Contributory Retirement Plan ("NCRP Plan")
The Pension Value Plan for Employees of The Boeing Company ("PVP Plan")

Eligible participants as defined by the Plans ("Participants") should refer to the plan documents for a more complete description of the Plans' provisions.

Each of the Plans is sponsored by The Boeing Company (the "Company").

**General** —

BCERP Plan:
The BCERP Plan is a noncontributory defined benefit pension plan covering certain bargained employees of the Company. The BCERP Plan is closed to various unions. These closure dates range from January 1, 2009 through January 3, 2014. Effective January 1, 1999, the assets and liabilities attributable to accrued benefits of active nonunion salaried Participants were transferred to the PVP Plan.

BNA Plan:
The BNA Plan is a noncontributory defined benefit pension plan covering certain bargained employees formerly of Boeing North American, Inc. (formerly Rockwell International Corporation ("Rockwell")), a subsidiary merged into the Company effective December 1996. Effective January 1, 2009, the BNA Plan was closed to new entrants. The BNA Plan is made up of various sub-plans with varying plan provisions.

BSS Plan:
The BSS Plan is a contributory defined benefit pension plan covering certain nonbargained employees formerly of Boeing Satellite Systems, Inc. ("BSS"), a subsidiary merged into the Company effective October 2000. The BSS Plan was closed to new entrants for the contributory benefit structure effective January 1, 1991. Noncontributory benefits of the BSS Plan were transferred to the PVP Plan on April 1, 2003.

## 1. DESCRIPTION OF THE PLANS (CONTINUED)

BSSB Plan:
The BSSB Plan is a defined benefit pension plan with both contributory and noncontributory benefit structures covering certain bargained employees formerly of BSS. Eligible active employees are located in Southern California represented by Electronic and Space Technicians Local 1553 ("EAST 1553"). Effective January 1, 2012, the BSSB Plan was closed to new entrants. The contributory portion of the BSSB Plan has been closed to new Participants since 1992.

Hourly East and Hourly West Plans:
The Hourly East and Hourly West Plans are noncontributory defined benefit pension plans covering certain employees formerly of McDonnell Douglas Corporation ("MDC"), which merged with the Company effective August 1997. The Hourly East and Hourly West Plans are closed to all unions. These closure dates range from January 1, 2012 through January 1, 2014 for the Hourly East Plan and January 1, 2010 through February 1, 2014 for the Hourly West Plan.

NCRP Plan:
The NCRP Plan is a noncontributory defined benefit pension plan covering certain bargained employees of the Company, represented by United Automobile, Aerospace and Agricultural Implement Workers of America, ("UAW") Local 1069, in Ridley Park, Pennsylvania. Effective January 1, 2014, the NCRP Plan was closed to new entrants.

PVP Plan:
The PVP Plan is a noncontributory defined benefit pension plan covering certain nonunion salaried employees of the Company. Effective January 1, 2009, the PVP Plan was closed to new entrants.

See Note 8 for recent plan amendments, including plan freezes, closures, and changes to plan benefits.

The assets of the Plans, along with another plan sponsored by a subsidiary of the Company and not included in the accompanying financial statements, are held in The Boeing Company Employee Retirement Plans Master Trust (the "Master Trust"). JPMorgan Chase, N.A. ("JPM") serves as the trustee for the Master Trust. The Employee Benefit Plans Committee has the overall responsibility for the operation and administration of the Plans. The Plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The "Total (Memorandum Only)" columns in the accompanying Statements of Net Assets Available for Benefits and Statements of Changes in Net Assets Available for Benefits represent the total activity for the Plans and are provided for information purposes only.

**Employee Contributions** — For the BSS and BSSB Plans, a Participant's current rate of contribution is 3% of eligible compensation and may not be changed by the Participant. Participants may suspend contributions, but they do not accrue benefit service for periods when they are not contributing; however, contribution suspension will not interrupt their continuous service or years of vesting service. If contributions are suspended, Participants must wait 12 calendar months before they can begin contributing again, provided they are still eligible. Participants are always vested in their own contributions to the respective BSS and BSSB Plans.

**Employer Contributions** — The Company funds the estimated current service costs and amortization of unfunded actuarial accrued liability for the Plans. The Plans have met the minimum funding requirements of ERISA, and no contributions were required under ERISA for the years ended December 31, 2014 and 2013. Although no contributions were required under ERISA, the Company may make discretionary contributions to the Plans.

## 1. DESCRIPTION OF THE PLANS (CONTINUED)

**Pension Benefits** —

Except as noted for the specific plans below, participants with five or more years of vesting service are entitled to benefits under the Plans. The Plans generally provide for normal retirement benefits upon reaching age 65 and have provisions for early retirement benefits. Benefits are payable in the form of a joint and survivor annuity, a single life annuity, or other payment forms, as specified in the applicable plan document. Monthly pension benefits beginning at normal retirement age are generally determined as follows:

| Plan | Determination of Benefit Payment Amount |
|---|---|
| BCERP Plan | The greater of (1) a final average monthly earnings formula, or (2) a rate, based on union affiliation, multiplied by each year of credited service |
| BNA Plan | For the BNA Sub-Plan R002/Aerospace Hourly Plan (the only sub-plan with Participants actively accruing benefits), benefits are based on a rate multiplied by each year of benefit service. Other benefits vary per applicable sub-plan. |
| BSS Plan | The contributory benefit is funded by the Company, as well as employee contributions. The contributory benefit is the best of three formulas: 1) a career average formula, 2) a final average monthly compensation formula, and 3) a minimum benefit formula.<br><br>*Cost of Living Adjustment ("COLA")* — Monthly benefits under the contributory benefit may be adjusted annually to reflect changes in the cost of living. The adjustment is made every January 1 and is based on the change in the Consumer Price Index ("CPI") relative to the year before; however, if the BSS Plan is terminated, no COLA will be provided except to Participants who are already receiving retirement payments. To be eligible for a COLA, Participants must have retired on their early, normal, or late retirement date. |
| BSSB Plan | Participants may accrue benefits in one of two benefit structures of the BSSB Plan (contributory and noncontributory); however, if they are accruing in the noncontributory structure, they may have prior contributory accruals.<br><br>a. The noncontributory benefit is funded solely by contributions made to the BSSB Plan by the Company, as defined by the Plan document. Benefits are based on a formula, including final average monthly earnings, service, and covered compensation.<br><br>b. The contributory benefit is funded by the Company, as well as employee contributions. The contributory benefit is the best of three formulas: 1) a career average formula, 2) a final average monthly compensation formula, and 3) a minimum benefit formula.<br><br>*COLA* — Monthly benefits under the contributory benefit may be adjusted annually to reflect changes in the cost of living. The adjustment is made every January 1 and is based on the change in the CPI relative to the year before; however, if the BSSB Plan is terminated, no COLA will be provided except to Participants who are already receiving retirement payments. To be eligible for a COLA, Participants must have retired on their early, normal, or late retirement date. |

## 1. DESCRIPTION OF THE PLANS (CONTINUED)

| | |
|---|---|
| Hourly East Plan | A rate, based on union affiliation, multiplied by each year of benefit service while employed with a covered group |
| Hourly West Plan | A rate, based on union affiliation, multiplied by each year of benefit service while employed with a covered group. Certain union Participants are eligible for a monthly benefit increase in accordance with plan provisions. |
| NCRP Plan | A rate multiplied by each year of credited service |
| PVP Plan | Participants with three or more years of vesting service and Participants who are at least age 62 at termination with one or more years of service are entitled to benefits under the Plan.<br><br>PVP Plan features that are relevant to the benefit include, but are not limited to:<br><br>• Participants in the Plan maintain a hypothetical separate account similar to a defined contribution plan, although the Company makes all contributions to the Plan. Participants are not permitted to make contributions.<br><br>• Interest credits applied to Participants' hypothetical accounts are based on the yield of the 30-year U.S. Treasury bond (but not less than 5.25% or greater than 10%). The rate was 5.25% as of December 31, 2014 and 2013.<br><br>• Benefits relating to prior service and transferred to the PVP Plan ("Heritage Benefits") were generally earned under the BCERP Plan, BNA Plan, BSS Plan, and the former McDonnell Douglas Corporation — Salaried Plan ("MDC-Salaried"); Heritage Benefits will increase in relation to growth in base pay but not for service earned after these benefits were transferred into the PVP Plan.<br><br>Monthly pension benefits beginning at normal retirement age (65) equal the greater of the combined benefits described in (1) plus (2) or the benefit described in (3) below:<br><br>1. The benefit credits, including a percentage of eligible pay based on the Participant's age for each year he or she works for the Company, plus interest credits divided by an annuity conversion factor, ranging from 11 to 15. This annual benefit is then divided by 12 to calculate a monthly benefit.<br><br>2. Heritage Benefits transferred to the Plan, plus growth due to increases in pay after the transfer date.<br><br>3. A rate multiplied by each year of benefit service. |

## 1. DESCRIPTION OF THE PLANS (CONTINUED)

**Death and Disability Benefits** —

Death benefits are payable from the Plans under certain circumstances. See plan documents for specific provisions.

There are no provisions for disability benefits from the BSS and BSSB Plans. Since December 1, 2004, the PVP Plan has not provided for disability benefits. Disability benefits for the other Plans are payable from the Plans under certain circumstances. See plan documents for specific provisions.

**Assets Transferred to Another Plan** — During the 2013 plan year, $455,981 and $5,771,347 in plan assets were transferred from the BNA Plan and PVP Plan, respectively, to a plan sponsored by United Technologies Corporation ("UTC") due to a 2005 sale of Rocketdyne to UTC. UTC assumed the pension liabilities for certain Rocketdyne employees.

**Termination** — Although it has not expressed any intention to do so, the Company has the right under each of the individual plans, in certain circumstances, to discontinue its contributions at any time and to terminate any of the plans subject to the provisions set forth in ERISA. In the event a plan terminates, the net assets of the specific plan will be allocated for payment of plan benefits to Participants in an order of priority determined in accordance with ERISA and the applicable plan document.

Certain benefits under the plans are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the plans terminate. 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 plans, and the amount of benefit protection is subject to certain limitations. Vested benefits under the plans are guaranteed at the level in effect on the date of the plans' termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all Participants receive their benefits should a plan terminate at some future time will depend on the sufficiency, at that time, of the net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Valuation of Investments** — 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 using matrix pricing, which considers a security's relationship to other securities for which quoted prices in an active market may be available, or alternatively based on an income approach, which uses valuation techniques to convert future cash flows to a single present value amount. The valuation approach is designed to maximize the use of observable inputs, such as observable trade prices, multiple broker-dealer quotations, related yield curves, and other assumptions about the security (prepayment projections, cash flows, other security characteristics, etc.) and minimize unobservable inputs. The securities are valued as of the last trading day of the year. Fixed-income instruments that have a delayed future settlement, such as to-be-announced securities ("TBAs") and treasury forwards, are valued similarly to fixed-income securities in active markets. The unrealized market appreciation or depreciation is included in other receivables and other liabilities on the Master Trust's statements of net assets.

- Common and preferred stock and other investments (rights, warrants, exchange-traded funds ("ETFs"), exchange-traded options, and other exchange-traded derivatives) traded in active markets on national and international exchanges are primarily valued using a market approach based on the closing market prices of identical instruments on the last trading day of the year.

- Mutual funds, which are registered investment companies, are valued using quoted market prices to represent the net asset value ("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 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 NAV 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.

- 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Investment Income** — Net investment income reflected in the statements of changes in net assets includes the Master Trust's net appreciation/depreciation in fair value of investments, interest income, and dividend income, less administrative expenses. Net appreciation/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. Dividends are recorded on the ex-dividend date.

**Valuation Controls** — 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.

The Company's Board of Directors has delegated the fiduciary oversight of plan assets over various retirement plans held within the Master Trust structures to the Employee Benefit Investment Committee ("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 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 with the purpose of fulfilling the following responsibilities and provides an annual review to the EBIC of its findings and actions:

- Review and approve annually the valuation practices, including those used by third parties
- 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 the Company and the Master Trust to assess the reasonableness of the year-end valuations and changes in fair value measurements from period to period
- Review and approve annual financial statement disclosures of the investments held in the Master Trust

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, multiprice source comparisons, and vendor price challenges. Additionally, on a monthly basis, the custodian reconciles its valuations to valuations obtained from each investment manager and any exceptions are reported to Trust Investments for resolution, which may include escalation to the Valuation Committee.

**Benefits** — Benefits are recorded when paid.

**Administrative Expenses** — Necessary and proper expenses of the Plans are paid from plan assets, at both the Plan and Master Trust levels.

**Subsequent Events** — Subsequent events were evaluated through August 17, 2015, the date the financial statements were available to be issued. See Note 13 for further discussion of such events.

**Recent Accounting Guidance Not Yet Adopted** — In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* ASU 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. Plan management is currently evaluating the impact of ASU 2015-07, which will be effective for the Plans beginning January 1, 2017.

In July 2015, the FASB has issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965) - I. Fully Benefit-Responsive Investment Contracts; II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient*. These amendments are a consensus of the FASB Emerging Issues Task Force. Part II of the ASU is applicable to the Plans and will modify the investments disclosures under Accounting Standards Codification ("ASC") 820 and 960. Plan management is currently evaluating the impact of ASU 2015-12, which will be effective for the Plans beginning January 1, 2016.

## 3. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plans' 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 vested employees or their beneficiaries, (2) beneficiaries of employees who have died, and (3) present employees or their beneficiaries. 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. The significant actuarial assumptions used in the December 31, 2013 valuations, the latest valuations, were as follows:

**Actuarial cost method:** Target Normal Cost

**Assumed rate of return:** 7.50%

**Mortality:** RP-2000 separate annuitant and non-annuitant tables with 18-month age setback and generational projected improvements using Scale AA

**Average retirement age range:** 57 – 62

**Cash balance interest indexing rate (applicable to the PVP Plan only):** 5.50%

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

Assumption changes for the year ended December 31, 2013 include changes in the mortality table and the form of payment assumption (for the BSS Plan and BSSB Plan).

For the BSS Plan, the accumulated contributions of active employees are presented as of the beginning of the plan year. As of December 31, 2013 and 2012, the accumulated contributions of active employees, including interest credited on those contributions, amounted to approximately $105,000,000 and $150,000,000, respectively. As of December 31, 2013 and 2012, the rates for which interest was credited on the contributions were 1.04% and 1.40%, respectively.

For the BSSB Plan, the accumulated contributions of active employees are presented as of the beginning of the plan year. As of December 31, 2013 and 2012, the accumulated contributions of active employees, including interest credited on those contributions, amounted to approximately $18,000,000 and $26,000,000, respectively. As of December 31, 2013 and 2012, the rates for which interest was credited on the contributions were 1.04% and 1.40%, respectively.

## 3. ACCUMULATED PLAN BENEFITS (CONTINUED)

The actuarial PVAB for the Plans as of December 31, 2013, consists of the following:

| | The Boeing Company Employee Retirement Plan | Boeing North American Retirement Plan | BSS Retirement Plan | BSS Retirement Plan for Bargained Employees | Employee Retirement Income Plan - Hourly East | Employee Retirement Income Plan - Hourly West | Non-Contributory Retirement Plan | The Pension Value Plan for Employees of The Boeing Company | Total (Memorandum Only) |
|---|---|---|---|---|---|---|---|---|---|
| **Actuarial Present Value of Accumulated Benefits** | | | | | | | | | |
| Vested benefits: | | | | | | | | | |
| Participants currently receiving payments | $ 7,149,141,143 | $ 3,059,884,155 | $ 966,196,228 | $ 132,900,865 | $ 875,491,892 | $ 951,070,364 | $ 264,353,796 | $ 11,248,660,177 | $ 24,647,698,620 |
| Other participants | 6,067,748,338 | 504,324,472 | 515,418,046 | 94,517,908 | 439,916,762 | 586,051,098 | 180,727,981 | 11,657,797,822 | 20,046,502,427 |
| Total vested benefits | 13,216,889,481 | 3,564,208,627 | 1,481,614,274 | 227,418,773 | 1,315,408,654 | 1,537,121,462 | 445,081,777 | 22,906,457,999 | 44,694,201,047 |
| Nonvested benefits | 902,103,527 | 3,849,574 | 248,837,744 | 29,743,599 | 41,225,296 | 47,845,556 | 9,470,323 | 803,323,791 | 2,086,399,410 |
| Total actuarial present value of accumulated benefits | $ 14,118,993,008 | $ 3,568,058,201 | $ 1,730,452,018 | $ 257,162,372 | $ 1,356,633,950 | $ 1,584,967,018 | $ 454,552,100 | $ 23,709,781,790 | $ 46,780,600,457 |

The changes in actuarial PVAB for the Plans for the year ended December 31, 2013, consist of the following:

| | The Boeing Company Employee Retirement Plan | Boeing North American Retirement Plan | BSS Retirement Plan | BSS Retirement Plan for Bargained Employees | Employee Retirement Income Plan - Hourly East | Employee Retirement Income Plan - Hourly West | Non-Contributory Retirement Plan | The Pension Value Plan for Employees of The Boeing Company | Total (Memorandum Only) |
|---|---|---|---|---|---|---|---|---|---|
| **Actuarial Present Value of Accumulated Benefits** - Beginning of year | $ 13,170,301,453 | $ 3,598,224,293 | $ 1,583,072,915 | $ 240,311,969 | $ 1,276,238,715 | $ 1,479,522,673 | $ 433,826,696 | $ 21,929,765,528 | 43,711,264,242 |
| Increase (decrease) during the period attributable to: | | | | | | | | | |
| Additional benefits accumulated | 412,060,980 | 460,132 | 70,449,349 | 7,997,203 | 13,643,716 | 9,333,174 | 7,584,031 | 681,563,436 | 1,203,092,021 |
| Actuarial (gains)/losses | (8,615,411) | (8,323,913) | 101,074,649 | 11,137,908 | (2,707,679) | (3,715,433) | (3,252,693) | (2,373,422) | 83,224,006 |
| Interest due to decrease in the discount period | 988,156,588 | 253,937,176 | 118,963,434 | 17,812,272 | 93,177,530 | 107,681,619 | 32,038,595 | 1,654,421,049 | 3,266,188,263 |
| Benefits paid | (828,866,946) | (425,710,827) | (137,165,993) | (22,022,563) | (95,030,727) | (106,201,850) | (28,458,911) | (1,125,103,114) | (2,768,560,931) |
| Assumption changes | 385,230,516 | 149,471,340 | (5,942,336) | 1,925,583 | 37,419,026 | 43,410,775 | 12,814,382 | 571,508,313 | 1,195,837,599 |
| Plan amendments | 725,828 | - | - | - | 33,893,369 | 54,936,060 | - | - | 89,555,257 |
| Net increase (decrease) | 948,691,555 | (30,166,092) | 147,379,103 | 16,850,403 | 80,395,235 | 105,444,345 | 20,725,404 | 1,780,016,262 | 3,069,336,215 |
| **Actuarial Present Value of Accumulated Benefits** - End of year | $ 14,118,993,008 | $ 3,568,058,201 | $ 1,730,452,018 | $ 257,162,372 | $ 1,356,633,950 | $ 1,584,967,018 | $ 454,552,100 | $ 23,709,781,790 | 46,780,600,457 |

## 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 Plans can own a beneficial interest in one or more of the various investment 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 IC Pool is valued at year end based on the fair value of underlying assets.

The plan-specific pools hold investment contracts established to benefit participants in specific plans. The Aetna PVP Pool is composed of contracts issued by Aetna Life Insurance Company for the benefit of participants in the PVP Plan. The Aetna Hourly Pool is composed of a contract issued by Aetna Life Insurance Company for the benefit of participants in the Hourly East Plan. The BNA Contracts Pool is composed of contracts issued by Aetna Life Insurance Company, AXA Equitable Life Insurance Company, John Hancock Insurance Company, and Massachusetts Mutual Life Insurance Company for the benefit of participants in the BNA Plan. The Aetna BSS Pool is composed of contracts issued by Aetna Life Insurance Company for the benefit of participants in the BSS Plan and BSSB Plan.

The Hourly East Plan, Hourly West Plan, and PVP Plan have allocated insurance contracts for certain retirees who were covered under the Hourly East Plan, Hourly West Plan, and PVP Plan in prior years. These contracts remain intact, and no additional contracts have been purchased in the current year. The activity related to the allocated insurance contracts for retirees receiving benefits from these allocated contracts is excluded from the financial statements as well as the related obligation. With limited exceptions, the Hourly East Plan, Hourly West Plan, and PVP Plan receive no income from these allocated insurance contracts.

As of December 31, 2014 and 2013, the assets of the Plans and the Aviall, Inc. Retirement Plan were combined in the Master Trust.

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.

## 4. MASTER TRUST (CONTINUED)

The Plans' ownership interests in the Master Trust were as follows as of December 31, 2014 and 2013:

| Plan | 2014 | 2013 |
|---|---|---|
| BCERP Plan | 30.9% | 30.0% |
| BNA Plan | 7.3% | 7.6% |
| BSS Plan | 3.1% | 3.2% |
| BSSB Plan | 0.5% | 0.5% |
| Hourly East Plan | 3.0% | 2.9% |
| Hourly West Plan | 3.6% | 3.4% |
| NCRP Plan | 1.1% | 1.0% |
| PVP Plan | 50.4% | 51.0% |

## 4. MASTER TRUST (CONTINUED)

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

| | 2014 | 2013 |
|---|---|---|
| ASSETS: | | |
| 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 |

## 4. MASTER TRUST (CONTINUED)

Changes in net assets for the Master Trust for the years ended December 21, 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: | | |
| 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) |
| Total | 757,084,661 | 2,633,346,954 |
| 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) |
| Total | 3,674,659,015 | (802,979,117) |
| 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 | 6,024,144,947 | 3,427,068,185 |
| Trustee and investment management fees | (137,111,619) | (144,835,240) |
| Net investment income from Master Trust | 5,887,033,328 | 3,282,232,945 |
| 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 | 2,873,703,724 | 1,972,268,810 |
| Net assets: | | |
| Beginning of year | 57,992,462,616 | 56,020,193,806 |
| End of year | $ 60,866,166,340 | $ 57,992,462,616 |

## 4. MASTER TRUST (CONTINUED)

**Securities Purchased with an Agreement to Resell** — Resale agreements are treated as financing arrangements and as a receivable in the Master Trust's financial statements and are carried at contract amounts reflective of the amounts at which the securities will be subsequently resold, as specified in the respective agreements. Resale agreements are collateralized by high-quality, fixed-income securities. The Master Trust's policy is to take physical possession or control of the securities purchased under agreements to resell and is permitted by contract to sell or repledge. The Master Trust monitors the market value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. At December 31, 2014 and 2013, securities with a fair value of $0 and $36,765,774 were received as collateral for resale agreements approximating $0 and $36,100,000, respectively.

## 5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

*Basis of Fair Value Measurement:*

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

Level 2 — Values are based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

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

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

## 5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The following tables set forth by level within the fair value hierarchy a summary of 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.

| | 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 Leveled | 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 |

## 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 Leveled | Balance as of December 31, 2013 |
| ASSETS: | | | | | |
| Investments — At fair value: | | | | | |
| 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 consist 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.

## 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 | 3,134,829 | 26,376,069 |
| 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 | (19,758,959) | 166,593 |
| 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 | - |
| Total net assets | $ 75,840,821 | $ 902,753,475 |

## 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 | 17,048,814 | 45,055,041 | (73,022,231) | - | - | 253,005,368 |
| Total fixed-income securities | 836,841,528 | 30,066,704 | 280,988,582 | (264,341,005) | 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 | 377,864,463 | 533,305,326 | (979,249,845) | - | - | 2,970,380,561 |
| Real estate | 2,489,209,544 | 352,615,823 | 238,068,984 | (345,486,815) | - | - | 2,734,407,536 |
| Real assets | 659,940,625 | (28,789,809) | 138,252,026 | (104,310,148) | - | - | 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 | 669,991,146 | 1,579,449,641 | (1,840,425,408) | 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 | $ 670,031,305 | $ 1,579,397,042 | $ (1,840,425,408) | $ 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.

## 5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

During 2014, $6,581,375 of mortgage-backed and asset-backed securities were transferred into Level 3 because they were reevaluated due to additional available data. $857,700 in common stocks were 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 were reclassified from Level 3 to Level 2 as the common stock is now picked up by a pricing vendor.

During 2013, $5,112,968 of corporate bonds were 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 were 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 were reclassified from Level 2 to Level 3 as those securities were delisted 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.

## 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 (%) | 1.53 | 1.82 | 1.71 |
| | | | Prepayment Speed (CPY) | - | - | - |
| Non-Agency | 241,408,507 | Matrix Pricing | Yield (%) | 0.73 | 5.77 | 2.88 |
| | | | Prepayment Speed (CPY) | - | 100.00 | 3.24 |
| Auction Rate Securities | 16,892,160 | Discounted Cash Flow | Yield (%) | 3.45 | 4.02 | 3.64 |
| | | | Remaining Term to Maturity | 15.14 | 22.19 | 17.63 |
| Asset-backed securities | 3,465,405 | Matrix Pricing | Yield (%) | 1.11 | 4.90 | 2.20 |
| | | | 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 (%) | 2.15 | 2.55 | 2.38 |
| | | | Prepayment Speed (CPR) | 10.00 | 10.00 | 10.00 |
| Non-Agency | 180,791,637 | Matrix Pricing | Yield (%) | 4.30 | 4.30 | 4.30 |
| | | | 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 (%) | 0.86 | 15.92 | 4.11 |
| | | | 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 (%) | 0.70 | 5.76 | 4.38 |
| Total fixed-income securites | $ 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.

## 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 (%) | 5.65 | 5.74 | 5.69 |
| Corporate bonds | 4,956,221 | Matrix pricing | Yield (%) | 2.07 | 2.35 | 2.11 |
| Corporate | 6,984,641 | | | | | |
| Residential mortgage-backed securities | 94,496,498 | Matrix pricing | Prepayment Speed (CPY) | 0.50 | 25.00 | 4.87 |
| | | | Default rate | 0.25 | 19.62 | 7.94 |
| | | | Loss Severity Rate(%) | 20.00 | 98.46 | 59.61 |
| | | | Yield (%) | 1.71 | 20.88 | 4.67 |
| Commercial mortgage-backed securities | 21,532,996 | Matrix pricing | Prepayment Speed (CPY) | - | 100.00 | 19.71 |
| | | | Yield (%) | 1.53 | 5.18 | 3.89 |
| Asset-backed securities | 113,916,249 | Matrix pricing | Prepayment Speed (CPY) | - | 15.00 | 3.81 |
| | | | Default rate | - | 16.00 | 6.22 |
| | | | Loss Severity Rate(%) | - | 100.00 | 66.76 |
| | | | Yield (%) | 0.62 | 5.99 | 4.13 |
| Auction rate securities | 25,006,275 | Discounted cash flow | Yield (%) | 4.60 | 5.79 | 5.06 |
| Corporate bonds | 13,461,417 | Matrix pricing | Yield (%) | 1.79 | 8.24 | 5.75 |
| Total mortgage-backed and asset-backed securities | 268,413,435 | | | | | |
| Total fixed-income securities | $ 275,398,076 | | | | | |

* 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.

## 5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

**Other Financial Instruments** — The Aetna PVP Pool, Aetna Hourly Pool, BNA Contracts Pool, and Aetna BSS Pool identified in Note 4 are valued at contract value in the Master Trust's statements of net assets. The fair value of the investment contracts within these pools 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.

## 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.

**Fixed-Income Investments** — This asset class 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.

| | | As of December 31, 2014 | | As of December 31, 2013 | |
|---|---|---|---|---|---|
| **Redemption Frequency** | **Redemption Notice Period** | **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 |
| | | $ 2,363,123,607 | $ 146,495,628 | $ 2,733,700,006 | $ 133,487,521 |

## 6. NAV PER SHARE (CONTINUED)

**Global Equity Investments** — This asset class 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.

| | | As of December 31, 2014 | | As of December 31, 2013 | |
|---|---|---|---|---|---|
| Redemption Frequency | Redemption Notice Period | 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 | - | - | - |
| | | $ 2,497,232,558 | $ - | $ 2,549,361,819 | $ - |

**Private Equity Investments** — This asset class includes investments in private equities held by limited partnerships. Private equity investments may be in buyout, venture, special situations, or fund-of-fund strategies. 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.

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

## 6. NAV PER SHARE (CONTINUED)

**Real Estate and Real Assets** — This asset class 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.

| | | As of December 31, 2014 | | As of December 31, 2013 | |
|---|---|---|---|---|---|
| **Redemption Frequency** | **Redemption Notice Period** | **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 | 1,659,136,943 | 761,565,998 | 1,596,922,257 | 879,523,732 |
| | | $ 3,399,500,230 | $ 766,742,477 | $ 3,271,405,725 | $ 893,653,287 |

**Global Strategy Investments** — This asset class 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.

| | | As of December 31, 2014 | | As of December 31, 2013 | |
|---|---|---|---|---|---|
| **Redemption Frequency** | **Redemption Notice Period** | **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 | - |
| | | $ 2,247,285,660 | $ - | $ 2,354,341,221 | $ - |

**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.

## 6. NAV PER SHARE (CONTINUED)

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.

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.

| | | As of December 31, 2014 | | As of December 31, 2013 | |
|---|---|---|---|---|---|
| Redemption Frequency | Redemption Notice Period | 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 | - |
| | | $ 3,373,609,577 | $ 19,750,000 | $ 2,777,598,956 | $ 23,375,000 |

## 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 risk:

**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.

## 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** — 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.

**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.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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 | $ 13,731,286 | $ 19,491,022 | $ 17,180,052 | $ - | $ 2,245,336 | $ 301,767 | $ 52,949,463 |
| 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 | $ 31,459,904 | $ 17,876,185 | $ 8,184,852 | $ 411,350 | $ 15,830,764 | $ 854,127 | $ 74,617,182 |

| 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 | $ 20,550,290 | $ 33,089,762 | $ 7,521,896 | $ 85,170 | $ 2,442,931 | $ 10,683 | $ 63,700,732 |
| 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 | $ 20,806,369 | $ 2,905,179 | $ 9,988,541 | $ 2,165 | $ 6,196,441 | $ 454,559 | $ 40,353,254 |

## 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 | $ 412,470,857 | $ 6,199,478 | $ 41,973,305 | $ 13,145,591 | $ (156,614,335) | $ 2,240,532 | $ 319,415,428 |

| 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 | $ (304,414,348) | $ 18,138,965 | $ 8,093,453 | $ (59,826,167) | $ (68,565,866) | $ (3,710,009) | $ (410,283,972) |

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 |
| | $ 6,553,910,214 | $ 3,001,985,058 | $ 1,605,120,915 | $ 821,421,287 | $ 1,149,506,379 | $ 256,767,284 | $ 13,388,711,137 |

| 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 |
| | $ 18,471,440,763 | $ 1,715,640,038 | $ 2,032,561,443 | $ 2,897,324,886 | $ 1,402,579,966 | $ 98,991,545 | $ 26,618,538,641 |

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 U.S. 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.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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, prespecified 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.

## 8. PLAN AMENDMENTS

**BCERP Plan:**

The following amendment was reflected in the actuarial PVAB as of December 31, 2013:

- The Plan was amended to increase the monthly pension benefit rate for Participants represented by International Union of Operating Engineers ("IUOE"), Local No. 286W effective September 1, 2013, January 1, 2014, January 1, 2015 and January 1, 2016.

The following changes did not have an impact on the PVAB, and all current Participants and their accrued benefits were not impacted by these changes. The BCERP Plan was closed to the following new hires:

- Effective January 1, 2013, new hires represented by International Association of Firefighters ("IAFF"), Local No. I-66 (Washington).

- Effective March 1, 2013, new hires represented by Society of Professional Engineering Employees in Aerospace ("SPEEA") Professional Unit.

## 8. PLAN AMENDMENTS (CONTINUED)

- Effective March 22, 2013, new hires represented by SPEEA Northwest Technical Unit.

- Effective January 3, 2014, new hires represented by International Association of Machinists and Aerospace Workers ("IAM&AW"), District Lodge Nos. 751, 70, and W24.

The following amendments had no impact on the December 31, 2013 PVAB, but will have a future impact on the PVAB. The impact is not determined to be significant to the PVAB unless noted.

- Effective September 5, 2014, the BCERP Plan was amended to offer a one-time, voluntary lump-sum cash-out (or immediate annuity) payable December 1, 2014 for certain nonunion, terminated vested Participants. Eligible Participants must have terminated employment with the Company controlled group with a nonunion benefit under the BCERP Plan prior to January 1, 2014, and must not have commenced their benefit in the BCERP Plan prior to December 1, 2014. While not significant to the PVAB, benefits paid pursuant to this offer approximated $50 million during the year ended December 31, 2014.

- Effective December 15, 2014, the BCERP Plan was amended to resolve a dispute between the Company and SPEEA. Certain SPEEA represented employees had been classified as nonunion and had been accruing nonunion benefits for periods on and after March 5, 2001. In lieu of BCERP Plan benefits, affected former employees are permitted to keep any nonunion benefits that had already accrued under the PVP and/or BSS Plans with respect to periods of employment during which they were classified as nonunion rather than SPEEA represented. Current affected employees will participate retroactively in the BCERP Plan for all periods in which they are eligible to participate as a SPEEA represented employee.

- The BCERP Plan was amended to reflect collectively bargained changes negotiated by IAM&AW, District Lodge Nos. 751, 70, and W24 and IUOE, Local No. 286W, including the following:

    - Effective January 3, 2014, active Participants (and those on leave of absence) who are represented by IAM&AW, District Lodge Nos. 751, 70, and W24 are fully vested in their benefits as of this date.

    - Effective July 1, 2014, IUOE, Local No. 286W Participants became eligible for domestic partner benefits.

    - Effective November 1, 2014 and November 1, 2015, IUOE, Local No. 286W Participants received/will receive monthly pension benefit rate increases.

**Hourly East Plan:**

The following amendments were reflected in the actuarial PVAB as of December 31, 2013:

- The Hourly East Plan was amended to increase the monthly pension benefit rate for Participants represented by IAFF, Local No. I-66 effective June 1, 2013 and January 1, 2017.

- The Hourly East Plan was amended to increase the monthly pension benefit rate for Participants represented by International Brotherhood Teamsters ("IBT") No. 610 effective January 1, 2014 and January 1, 2015.

## 8. PLAN AMENDMENTS (CONTINUED)

The following changes did not have an impact on the PVAB, and all current Participants and their accrued benefits were not impacted by these changes. The Hourly East Plan was closed to the following new hires:

- Effective January 1, 2013, new hires represented by International Brotherhood of Electrical Workers ("IBEW") No. 1, IBT No. 6, and IBT No. 610.

- Effective January 1, 2014, new hires represented by the IAFF, Local No. I-66.

The following amendments had no impact on the December 31, 2013 PVAB, but will have a future impact on the PVAB. The impact is not determined to be significant to the PVAB unless noted.

- The Hourly East Plan was amended to identify certain collectively bargained groups as defunct unions. When a union becomes defunct, it no longer negotiates on behalf of its former members. International Union, Security, Police, and Fire Professionals of America ("SPFPA") 250 benefits are attributed to IAM&AW, District 837 with respect to benefits commencing on or after September 1, 2014.

- The Hourly East Plan provides that salaried benefits will receive the features and enhancements offered under the PVP Plan. Effective September 5, 2014, the Hourly East Plan was amended to specifically exclude the salaried benefits from eligibility for the voluntary lump sum offered to Participants in the PVP Plan. In addition, effective December 31, 2015, the Hourly East Plan was amended to reflect the cessation of indexing under the PVP Plan.

- Effective December 31, 2015, the Hourly East Plan was amended as a result of the collective bargaining agreement between the Company and IAM&AW, District 837, which provides for cessation of all future benefits accruals under the Hourly East Plan with respect to Participants represented by IAM&AW, District 837. Changes include the following:

    - Full vesting: Participants represented by IAM&AW, District 837 as of December 31, 2015 will be 100% vested in their Hourly East Plan benefits if actively employed or on leave of absence not exceeding 90 days as of December 31, 2015.

    - Service credit: After December 31, 2015, Participants who are represented by IAM&AW, District 837 will not earn vesting service for any purpose other than determining eligibility for early and disability retirement. Such Participants will not earn benefit service for any purpose other than determining aggregate benefit service.

    - Benefit rate: The monthly pension benefit rate will increase for Participants represented by IAM&AW, District 837 who will terminate employment on or after July 1, 2015. Due to the service credit freeze, this rate increase will apply solely to benefit service credited before December 31, 2015. This change is estimated to increase the December 31, 2015 PVAB by no more than $53 million.

    - Separation benefits: A voluntary separation benefit program was added to offer early retirement benefit increases for eligible employees who retire during a window period.

## 8. PLAN AMENDMENTS (CONTINUED)

- The Hourly East Plan was amended to reflect collectively bargained changes negotiated by IBEW No. 1, including the following:

    - Full vesting: Active participants (and those on leave of absence) represented by IBEW No.1 as of December 31, 2015 will be fully vested in their benefits as of that date.

    - Service credit: Effective December 31, 2015, benefits accrual under the Hourly East Plan will be frozen with respect to IBEW No. 1 Participants. Service credit will cease to accrue as of that date (except for purposes of vesting, and early and disability retirement eligibility).

    - Benefit rate: Participants will receive monthly pension benefit rate increases effective June 1, 2015.

    - Separation benefits: A voluntary separation benefit program was added to offer early retirement benefit increases for eligible employees who retire during a window period.

**Hourly West Plan:**

The following amendments were reflected in the actuarial PVAB as of December 31, 2013:

- The Hourly West Plan was amended to increase the monthly pension benefit rate for Participants represented by IAM&AW, District 725 effective January 1, 2014, January 1, 2015, and January 1, 2016.

- The Hourly West Plan was amended to increase the monthly pension benefit rate for Participants represented by SPFPA effective January 1, 2014, January 1, 2015, and January 1, 2016.

- The Hourly West Plan was amended to increase the monthly pension benefit rate for Participants represented by IUOE (Weldors), Local No. 501W effective January 1, 2014, January 1, 2015, and January 1, 2016.

The following changes did not have an impact on the PVAB, and all current Participants and their accrued benefits were not impacted by these changes. The Hourly West Plan was closed to the following new hires and/or rehires:

- Effective January 1, 2013, new hires represented by IAM&AW, District 725.

- Effective February 1, 2014, new hires and rehires who are represented by the IUOE (Weldors), Local No. 501W.

## 8. PLAN AMENDMENTS (CONTINUED)

The following amendments had no impact on the December 31, 2013 PVAB, but will have a future impact on the PVAB. The impact is not determined to be significant to the PVAB unless noted.

- The Hourly West Plan was amended to identify certain collectively bargained groups as defunct unions. When a union becomes defunct, it no longer negotiates on behalf of its former members. The benefits for the following defunct groups are attributed to IAM&AW, District 725 with respect to benefits commencing on or after September 1, 2014: American Federation of Guards ("AFG"), Douglas Association of Security Officers ("DASO"), SPFPA 160, and American Federation of Security Officers ("AFSO").

- The Hourly West Plan provides that salaried benefits will receive the features and enhancements offered under the PVP Plan. Effective September 5, 2014, the Hourly West Plan was amended to specifically exclude the salaried benefits from eligibility for the voluntary lump sum offered to Participants in the PVP Plan. In addition, effective December 31, 2015, the Hourly West Plan will be amended to reflect the cessation of indexing under the PVP Plan.

- The Hourly West Plan was amended to reflect collectively bargained changes negotiated by UAW 148, including the following:

    - Full vesting: Active Participants (and those on leave of absence) represented by UAW 148 as of December 31, 2016 will be fully vested in their benefits as of that date.

    - Service credit: Effective December 31, 2016, benefits accrual under the Hourly West Plan will be frozen with respect to UAW 148 Participants. Service credit will cease to accrue as of that date (except for purposes of vesting, early retirement eligibility, and disability retirement eligibility).

    - Benefit rate: Participants received monthly pension benefit rate increases effective September 1, 2014. This change is estimated to increase the December 31, 2014 PVAB by approximately $10 million.

    - Separation benefits: Effective October 1, 2014, a special early retirement reduction factor (3%) was added for Participants who are laid off after attainment of age 49 with at least 29 years of aggregate benefit service. This change is estimated to increase the December 31, 2014 PVAB by approximately $16 million.

## 8. PLAN AMENDMENTS (CONTINUED)

**NCRP Plan:**

The following changes did not have an impact on the PVAB, and all current Participants and their accrued benefits were not impacted by these changes:

- Effective January 1, 2014, the NCRP Plan was closed to new hires and rehires represented by UAW Local 1069. As UAW Local 1069 is the only union that participates in the NCRP Plan, this amendment closed the NCRP Plan to all new hires and rehires on or after January 1, 2014.

- Effective December 31, 2016, benefits accrual under the NCRP Plan will be frozen. Service credit will cease to accrue as of that date.

The following amendments had no impact on the December 31, 2013 PVAB, but will have a future impact on the PVAB. The impact is not determined to be significant to the PVAB unless noted.

- A voluntary separation benefit program was added to offer early retirement benefit increases for eligible employees who retire during a window period.

- Effective January 1, 2016, the NCRP Plan was amended to increase the monthly pension benefit rate. This change is estimated to increase the December 31, 2014 PVAB by approximately $33 million.

**PVP Plan:**

The following changes did not have an impact on the PVAB, and all current Participants and their accrued benefits were not impacted by these changes:

- Effective January 1, 2014, the PVP Plan was amended to include earnings under the Management Incentive Plan as pensionable pay.

- Effective December 12, 2014, the following changes to the PVP Plan were clarified:

    - Heritage benefits parity: This amendment allows both heritage MDC and other heritage groups to use vesting service for purposes of determining eligibility for heritage MDC early retirement benefits, with respect to benefit accruals earned during 2014 and 2015.

    - Limited lump-sum option: Participants who begin to receive age 70 ½ benefits from the PVP Plan while actively employed by the Company may elect to receive their benefit accruals earned during 2014 and 2015 as a single payment.

- Effective as of December 31, 2015, benefits accrual under the PVP Plan will be frozen, other than interest credits applied to Participants' hypothetical accounts to the extent required by law. Participants will continue to earn service for purposes of vesting and early retirement eligibility.

## 8. PLAN AMENDMENTS (CONTINUED)

The following amendments had no impact on the December 31, 2013 PVAB, but will have a future impact on the PVAB. The impact is not determined to be significant to the PVAB unless noted.

- Effective January 1, 2014, the PVP Plan was amended to expand certain heritage benefits, rights, and features, in order to satisfy certain nondiscrimination testing requirements under the Internal Revenue Code ("IRC"). These expanded heritage benefits, rights, and features are available to Participants with regard to benefits accrued under the PVP Plan during 2014 and 2015.

- Effective September 5, 2014, the PVP Plan was amended to offer a one-time, voluntary lump-sum cash-out (or immediate annuity) payable December 1, 2014 for certain nonunion, terminated vested participants. Eligible Participants must have terminated employment with the Company controlled group with a nonunion benefit under the PVP Plan prior to January 1, 2014, and must not have commenced their benefit in the PVP Plan prior to December 1, 2014. Benefits paid pursuant to this offer were approximately $581 million during the year ended December 31, 2014. This change is estimated to decrease the December 31, 2014 PVAB by no more than $557 million.

- Effective December 15, 2014, the PVP Plan was amended to resolve a dispute between the Company and SPEEA. Certain SPEEA represented employees had been classified as nonunion and had been accruing nonunion benefits for periods on and after March 5, 2001. In lieu of BCERP Plan benefits, affected former employees are permitted to keep any nonunion benefits that had already accrued under the PVP and/or BSS Plans with respect to periods of employment during which they were classified as nonunion rather than SPEEA represented. Current affected employees will participate retroactively in the BCERP Plan for all periods in which they are eligible to participate as a SPEEA represented employee.

## 9. RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

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

## 10. PROHIBITED TRANSACTIONS

Certain reportable nonexempt party-in-interest transactions existed. The Plans were corrected according to the guiding principles of the Department of Labor's ("DOL") Voluntary Fiduciary Correction Program ("VFCP"), which involved remitting the total principal and associated lost earnings to the Plans. The table below details the principal amounts of the prohibited transactions ("PT") for each Plan.

| Date PT Occurred | Date PT Corrected | Description of PT | BCERP Plan | BNA Plan | BSS Plan | BSSB Plan | Hourly East Plan | Hourly West Plan | NCRP Plan | PVP Plan |
|---|---|---|---|---|---|---|---|---|---|---|
| February 6, 2009 | August 7, 2013 | Plan assets were inadvertently used to pay participant benefits that should not have been paid by the Plan | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $71 |
| June 30, 2011 | February 19, 2013<br><br>March 6, 2013 | Plan assets were inadvertently used in a cross-trade transaction | $1,073 | $321 | $104 | $17 | $107 | $124 | $39 | $1,787 |
| July 18, 2013 | July 26, 2013<br><br>February 12, 2014 | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $3,521 | $934 | $394 | $60 | $344 | $416 | $127 | $5,909 |
| October 1, 2005 through September 1, 2013 | June 27, 2014 | Plan assets were inadvertently used to pay participant benefits that should not have been paid by the Plan | N/A | N/A | N/A | N/A | N/A | N/A | N/A | $21,484 |
| 2011-2013 | November 26, 2014 | Plan assets were inadvertently used in a cross-trade transaction | $ 1,703 | $399 | $171 | $26 | $155 | $193 | $58 | $2,810 |
| February 1, 2014 | March 28, 2014 | Plan assets were inadvertently used to pay participant benefits that should not have been paid by the Plan | N/A | N/A | $2,887 | N/A | N/A | N/A | N/A | N/A |
| February 24, 2014 | February 12, 2015<br><br>April 3, 2015 | Plan assets were inadvertently received by the Plan Sponsor | $5,534 | $1,285 | $545 | $84 | $509 | $644 | $188 | $8,999 |
| November 28, 2014 | January 16, 2015 | Delinquent employee contributions | N/A | N/A | $1,908 | $20,018 | N/A | N/A | N/A | N/A |

## 11. TAX STATUS

The Internal Revenue Service ("IRS") determined and informed the Company by letters dated September 18, 2012 (for the BSS Plan), March 6, 2015 (for the BCERP, BNA, BSSB, Hourly East, and Hourly West Plans), May 7, 2015 (for the NCRP Plan), and May 11, 2015 (for the PVP Plan) that the Plans and related trust are designed in accordance with applicable sections of the IRC. Certain Plans have been amended since receiving their determination letters. The Plans' administrator believes that the Plans are designed and are currently being operated in compliance with the applicable requirements of the IRC. Therefore, the Plans' administrator believes the Plans' tax-exempt status has not been affected, and no provision for income taxes has been included in the Plans' financial statements.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plans and recognize a tax liability (or asset) if the Plans have taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plans' administrator has analyzed the tax positions taken by the Plans and has concluded that as of December 31, 2014 and 2013, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plans are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plans' administrator believes the Plans are no longer subject to income tax examinations for years prior to 2011.

## 12. CONTINGENCIES

For the BCERP Plan, an alleged class action involving the sale of the Company's Wichita facility to Spirit AeroSystems, Inc. ("Spirit") was filed against the Company and the BCERP Plan on February 16, 2007 in the U.S. District Court for the District of Kansas, alleging collective bargaining agreement breaches and ERISA violations in connection with alleged failures to provide benefits to certain former employees of the Wichita facility. On December 11, 2012, the court denied plaintiffs' motion for summary judgment and granted the Company's motion for summary judgment on plaintiffs' claim that amendment of the BCERP Plan violated the IAM&AW collective bargaining agreement, as well as individual ERISA §510 claims for interference with benefits. The court denied the Company's motion for all other claims. On June 12, 2014, the parties reached a tentative agreement related to certain class plaintiffs to resolve the matter subject to a fairness hearing. The court granted preliminary approval of the settlement on May 11, 2015, and scheduled the fairness hearing for August 19, 2015. The settlement provides for the Company to make a lump-sum payment to settle the class claims. Neither the BCERP Plan nor any other Company-sponsored plan will make any payment toward the settlement or have any remaining obligation related to the class claims. Management believes that Spirit is obligated to indemnify the Company for any and all losses in this matter, although Spirit has denied any indemnification obligation. Individual claims by certain other plaintiffs are not part of the settlement and will continue to be litigated. Management cannot reasonably estimate the range of loss, if any, that may result from these individual claims given the current procedural status of the litigation. No amounts have been accrued for in the financial statements of the BCERP Plan.

## 13. SUBSEQUENT EVENTS

**BCERP Plan**:

On January 3, 2014, members of IAM&AW, District Lodge No. 751 voted and accepted a contract extension and the BCERP Plan was closed to new hires represented by IAM&AW, District Lodge Nos. 751, 70, and W24, as noted in Note 8. In addition, the BCERP Plan will be amended for the following provisions, but the formal amendment has not been completed. It is estimated that this amendment will have an increase of approximately $128,000,000 on the actuarial PVAB.

## 13. SUBSEQUENT EVENTS (CONTINUED)

- Effective October 1, 2016, the Basic Benefit will be increased to $95 per month for employees on the active payroll, or those on an authorized period of absence on or after October 1, 2016.

- Effective October 1, 2016, for employees on the active payroll, or an authorized leave of absence of 90 days or less on or after October 1, 2016, BCERP Plan benefits payable at an early retirement date will be unreduced for employees age 58 or older at their early retirement date.

- BCERP Plan accruals will cease for current employees effective October 31, 2016, and current employees will transition to a defined contribution plan.

**BSS Plan**:

On March 6, 2014, the Company announced that additional benefit accruals in the BSS Plan will cease effective December 31, 2015. The BSS Plan will be amended, but the formal amendment has not been completed. This amendment will have no impact on the PVAB.

**The Boeing Company Employee Retirement Plan**
**Employer Identification Number: 91-0425694**
**Plan Number: 001**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 3,521 | $ 3,523 | $ 2 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 1,703 | $ 1,873 | $ 170 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 5,534 | $ 5,698 | $ 164 |

**Boeing North American Retirement Plan**
**Employer Identification Number: 91-0425694**
**Plan Number: 048**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 934 | $ 935 | $ 1 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 399 | $ 439 | $ 40 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 1,285 | $ 1,323 | $ 38 |

**BSS Retirement Plan**
**Employer Identification Number: 91-0425694**
**Plan Number: 060**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 394 | $ 395 | $ 1 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 171 | $ 188 | $ 17 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently used to pay participant benefits that should not have been paid by the Plan | $ 2,887 | $ 2,900 | $ 13 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 545 | $ 561 | $ 16 |

**BSS Retirement Plan for Bargained Employees**
**Employer Identification Number: 91-0425694**
**Plan Number: 061**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 60 | $ 61 | $ 1 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 26 | $ 29 | $ 3 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 84 | $ 86 | $ 2 |

**Employee Retirement Income Plan - Hourly East**
**Employer Identification Number: 91-0425694**
**Plan Number: 103**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 344 | $ 345 | $ 1 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 155 | $ 170 | $ 15 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 509 | $ 524 | $ 15 |

**Employee Retirement Income Plan - Hourly West**
**Employer Identification Number: 91-0425694**
**Plan Number: 102**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 416 | $ 417 | $ 1 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 193 | $ 212 | $ 19 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 644 | $ 663 | $ 19 |

**Non-Contributory Retirement Plan**
**Employer Identification Number: 91-0425694**
**Plan Number: 005**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 127 | $ 128 | $ 1 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 58 | $ 64 | $ 6 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 188 | $ 194 | $ 6 |

**The Pension Value Plan for Employees of The Boeing Company**
**Employer Identification Number: 91-0425694**
**Plan Number: 100**

**FORM 5500, SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Party Involved | Relationship to Plan | Description of Transaction | Cost of Asset | Current Value of Asset | Net Gain on Each Transaction |
|---|---|---|---|---|---|
| Paul Hastings LLP | Service Provider | Plan assets were inadvertently used to make a duplicate payment to a third-party provider | $ 5,909 | $ 5,913 | $ 4 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently used to pay participant benefits that should not have been paid by the Plan | $ 21,484 | $ 26,108 | $ 4,624 |
| Ambassador | Service Provider | Plan assets were inadvertently used in a cross-trade transaction | $ 2,810 | $ 3,091 | $ 281 |
| The Boeing Company | Plan Sponsor | Plan assets were inadvertently received by the Plan Sponsor | $ 8,999 | $ 9,265 | $ 266 |

**BSS Retirement Plan**
**Employer Identification Number: 91-0425694**
**Plan Number: 060**

**FORM 5500, SCHEDULE H, LINE 4A - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31, 2014**

| Participant Contributions Transferred Late to Plan | Contributions Not Corrected | Contributions Corrected Outside of VFCP | Contributions Pending Correction in VFCP | Total Fully Corrected Under VFCP and PTE 2002-51 |
|---|---|---|---|---|
| $ 1,908 | $ 1,908 | $ - | $ - | $ - |

**BSS Retirement Plan for Bargained Employees**
**Employer Identification Number: 91-0425694**
**Plan Number: 061**

**FORM 5500, SCHEDULE H, LINE 4A - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31, 2014**

| Participant Contributions Transferred Late to Plan | Contributions Not Corrected | Contributions Corrected Outside of VFCP | Contributions Pending Correction in VFCP | Total Fully Corrected Under VFCP and PTE 2002-51 |
|---|---|---|---|---|
| $ 20,018 | $ 20,018 | $ - | $ - | $ - |

# Schedule SB, Part V - Summary of Plan Provisions

## Plan Provisions

| | |
|---|---|
| Plan Sponsor | The Boeing Company |
| EIN/PIN | 91-0425694/061 |
| Plan | BSS Retirement Plan for Bargained Employees |
| Effective Date and Most Recent Amendment | The Plan was established October 6, 2000 (the Closing Date) upon the acquisition of Hughes Space and Communications Company, Hughes Electron Dynamics, Inc., and Spectrolab, Inc., from Hughes Electronics Corporation.<br><br>The Plan was last amended effective September 16, 2013 (Amendment No. 23) |
| Plan Year | January 1 through December 31. |
| Coverage and Participation | A U.S. Employee on the payroll of the Company who is represented by a collective bargaining agent if the terms of the collective bargaining agreement covering such Employee specifically provide for coverage under the Plan. An Employee covered by any other defined benefit plan maintained by a member of the Controlled Group is not eligible to participate in this Plan.<br><br>With respect to any Employee subject to a participating collective bargaining agreement, if as of the specified Election Date the participant did not elect to participate in the non-contributory benefit structure, they shall remain a participant in the contributory benefit structure. Subsequent to the appropriate Election Dates, after 1,000 hours of service in 12 months, the Employee participates in the non-contributory benefit structure unless a specific employee election was made to participate in the Contributory Plan. |
| Benefit Accrual Service | Contributory Benefit Structure<br><br>Months of service when Employee contributions were made by the participant, or as a participant in the Income Insurance Plan.<br><br>Non-Contributory Benefit Structure<br><br>Months of service while not participating in contributory structure and while employed by the Company plus applicable service while employed by appropriate Hughes divisions prior to the Effective Date. |

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|---|---|
| | No Employee will have any Benefit Accrual Service attributable to employment with the Boeing Controlled Group for any period before the Closing Date. No Employee will have any Benefit Accrual Service attributable to employment with the Hughes Controlled Group for any period on or after the Effective Date. |
| Total Accrued Service | Benefit Accrual Service in this Plan, plus the appropriate Benefit Accrual Service pursuant to the BSS Retirement Plan. |
| Continuous Service | Current period of employment with the Boeing Controlled Group including Military Service, but excluding other periods of unpaid absence. |
| Compensation | Contributory Benefit Structure<br><br>Regular base pay, shift differential pay, Company sick leave or paid time off, payments of state unemployment compensation for disability while receiving Company sick leave pay, payments of workers' compensation for disability while receiving Company sick leave pay or paid time off, payment for overtime hours, paid time off actually taken, holiday, bereavement, personal leave, jury duty, military training pay when such payments are made by the Company (or paid by a governmental agency and used as an offset by the Company), sea duty premium, hazard area premium, domestic field allowances, flight pay, compensable travel pay, capture and detention pay, foreign service premiums (including mobility allowances), working leader bonuses, sales commissions or bonuses, cost of living allowances, amounts paid prior to a Separation from Service but before the Closing Date under the Hughes Result Sharing Plan, and amounts deferred by a Participant which are contributed by the Company under a cash or deferred arrangement under Section 401(k) of the Code and amounts deferred by a Participant to the flexible spending account in a Company cafeteria plan under Section 125 of the Code.<br><br>Non-Contributory Benefit Structure<br><br>Regular base pay, Company sick leave or paid time off, payments of state unemployment compensation for disability while receiving Company sick leave pay, lead person and shift differentials, payments of workers' compensation for disability while receiving Company sick leave pay, payment for overtime hours, paid time off actually taken, and holiday, bereavement or personal leave pay, sales commissions or bonuses, jury duty, military training pay when such payments are made by the Company (or paid by a governmental agency and used as an offset by the Company), amounts paid prior to a Separation from Service but before the Closing Date under the Hughes Result Sharing Plan, and amounts deferred by a Participant which are contributed by the Company under a cash or deferred arrangement under Section 401(k) of the Code and amounts deferred by a Participant to a flexible spending account in a Company cafeteria plan under Section 125 of the Code. |

| | |
|---|---|
| Final Average Compensation/Salary | Average monthly Compensation for five highest years out of the final 10 years while an Eligible Employee. For purposes of determining Final Average Monthly Compensation before the Closing Date, in the event a Participant transferred employment to a member of the Hughes Controlled Group that was not a Company, and if a reciprocal arrangement existed between the Company and such member, then such member was treated as a Participant for purposes of determining Final Average Monthly Compensation unless doing so produced a smaller benefit for the Participant under the Plan than otherwise.<br><br>As of January 1, 2002, the IRC Section 401(a)(17) limit of $200,000 was applied retroactively for all compensation earned prior to January 1, 2002 for active participants only. Participants who left active status prior to January 1, 2002 are not eligible for this amendment. Before the amendment, all compensation earned prior to January 1, 2002 was limited to the historical IRC Section 401(a)(17) limit for the applicable plan year.<br><br>Compensation earned for each 12-month period beginning January 1, 2002 and later will be subject to the annual IRC Section 401(a)(17) limit adjusted for cost-of-living increases. |
| Compensation for Career Average Benefit | For purposes of calculating this benefit, compensation earned for each 12-month period will be subject to the compensation limit of IRC Section 401(a)(17) in effect for each plan year. The retroactive pay cap limit as of January 1, 2002 described on the prior page does not apply for this purpose. |
| Social Security Primary Insurance Amount | Monthly primary insurance amount of old age insurance benefit payable on Normal Retirement Date under the federal Social Security Act as in effect on the date of Separation from Service.<br><br>The actual compensation paid to the participant by the Company during the last 10 years of service of the Participant for the Company are used in determining the Participant's projected Primary Insurance Amount. Assumed prior compensation starting at age 21 is determined by regressing compensation as of the determination date at 6% per annum. |
| Social Security Covered Compensation | Monthly average of the Social Security wage bases during the 35 calendar years ending with the calendar year before the year in which the employee reaches Social Security retirement age, assuming no change in the wage base after the calendar year of determination, adjusted for each Plan year. |

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|---|---|
| Cost of Living Adjustment (COLA) Eligibility | Participants in the contributory benefit structure are eligible for COLA if separated from active service at age 55 or later, or on account of layoff at age 50 or later with at least 15 years of Continuous Service and at least 70 years of age plus Continuous Service.<br>• Contributory Benefit Structure<br>Annual cost of living adjustments for benefits in payment from .96 up to 1.04 based on the annual change in CPI-U, as of the September before the applicable calendar year.<br>• Non-Contributory Benefit Structure<br>None. |
| Employee Contributions | • Contributory Benefit Structure<br>An active Participant contributes 3.00% of Compensation earned in a Plan Year.<br>• Non-Contributory Benefit Structure<br>None. |
| Normal Retirement Date | First day of the month coincident with or next following the date on which the Participant reaches age 65. |
| Early Retirement Eligibility | • Regular<br>Any day after the Participant reaches age 55 and completes five years of vesting service, but before Normal Retirement Age.<br>• Rule of 75 (Contributory benefit structure only).<br>Any day after the Participant separates from active service at age 55 or later and completes the sum of 75 years of age and Continuous Service.<br>• 50/15 (Contributory benefit structure only).<br>If the Participant was laid-off after January 1, 1991, any day after the Participant reaches age 50, completes 15 years of Continuous Service, is within five years of fulfilling the Rule of 75, and executes an Agreement to Arbitrate Claims.<br>• 62/10 (Non-contributory benefit structure only).<br>Any day after the Participant separates from active service at age 62 or later and completes 10 years of Continuous Service. |
| Late Retirement | Any day after the Participant reaches Normal Retirement Age. |
| Disability Retirement | None. |

Vesting Date

The earlier of five years of vesting service and age 65 for accrued benefit derived from company contributions. Accrued benefit derived from Employee Contributions is non-forfeitable. Employees other than acquired Hughes Participants will have no years of vesting service attributable to any period before the Closing Date.

Normal Retirement Benefit

a. Contributory Benefit Structure

Greatest of the following, including COLA if applicable:

- Final Average Monthly Compensation Benefit:
  - i. 1¾% of Final Average Earnings per year of Benefit Accrual Service, less
  - ii. Social Security Primary Insurance Amount at the Normal Retirement age times a factor of: 1½% of Total Accrued Service (up to 33-1/3 years), times the ratio of Benefit Accrual Service over Total Accrued Service. For retirements prior to age 62, the factor is not greater than

| Age at Separation | Maximum Factor |
|---|---|
| 55 | .37 |
| 56 | .39 |
| 57 | .42 |
| 58 | .44 |
| 59 | .47 |
| 60 | .49 |
| 61 | .50 |

- Career Average Benefit:
  - a. 1/24 of total Employee Contributions through December 1, 1985 (net of unrepaid withdrawals), plus
  - b. Accrued Benefit as of December 31, 1975 less 1/24th of Employee Contributions as of December 31, 1975, plus
  - c. 1/12th of [1% of first $3,600 of annual pay plus 2% of annual pay over $3,600] for all Benefit Accrual Service years after 1985.
- Minimum Benefit:

  $13 + ½% of Final Average Earnings, per year of Benefit Accrual Service.
- Equivalent Mandatory Contributions:

  Actuarial equivalent of mandatory Employee Contributions with interest.

b. Non-Contributory Benefit Structure

Monthly benefit equal to i. plus ii. less iii., reduced per Early Retirement reductions if actual retirement is before Normal Retirement Age:

i. 1½% of Final Average Earnings per year of Benefit Accrual Service included in the first 35 years of Total Accrual Service, plus

ii. ½% of Final Average Earnings per year of Benefit Accrual Service included in the Total Benefit Accrual Service in excess of 35 years, less

iii. 0.6% of Final Average Earnings not in excess of Social Security Covered Compensation per year of Benefit Accrual Service included in the first 35 years of Total Accrual Service.

| | |
|---|---|
| Regular Early Retirement Benefit | Benefit payable at retirement is the greater of:<br>• Vested accrued benefit determined as for Normal Retirement, based on credited service to Early Retirement Date with a reduction equal to 6.00% for each year (and a proportional reduction for partial years) that the participant's Early Retirement Date precedes age 65.<br>• Vested accrued benefit as of April 30, 2003 (to the extent such accrued benefit is vested upon the participant's separation from service), actuarially reduced from age 65 to the retirement date using an interest rate of 4.00% and the 1971 Group Annuity Mortality Table blended 80% males and 20% females. |
| 50/15 Early Retirement Benefit applicable for post-1990 layoffs only (Contributory) | Benefit determined as for Normal Retirement, based on credited service to Early Retirement Date, payable immediately, with reduction of 1½% for each month from the date benefits commence to age when they would have fulfilled the Rule of 75, but no less than Actuarial Equivalent. |
| 62/10 Early Retirement Benefit (Non-contributory benefit structure only) | Benefit determined as for Normal Retirement, based on credited service to Early Retirement Date, payable immediately without reduction as long as the Participant has reached age 62. |
| Rule of 75 Early Retirement Benefit (Contributory) | Benefit determined as for Normal Retirement, based on credited service to Early Retirement Date, payable immediately without reduction. |

Late Retirement Benefit

- Contributory Benefit Structure

  Benefit determined as for Normal Retirement, based on Participant's credited service to actual retirement date with an actuarial equivalent adjustment for the accrued benefit derived from participant contributions.

- Non-Contributory Benefit Structure

  Normal Retirement Benefit payable immediately with Benefit Accrual Service, Social Security Covered Compensation and Final Average Compensation determined as of the Late Retirement Date.

Termination Benefit

On termination of employment after five years of vesting service, a Participant is entitled to a deferred vested benefit determined as for Normal Retirement, based on credited service to date of termination. The deferred vested benefit is payable without reduction beginning at age 65, or at any time after age 55 based on the plan provisions for Early Retirement.

Pre-Retirement Death Benefit

- Contributory Benefit Structure

  i. If not vested, a lump sum of the Employee Contributions Account is paid to the beneficiary.

  ii. If vested, but not age 55, the surviving spouse of a married Participant is entitled to a choice of a lifetime benefit of 50% Survivor Annuity, without COLA, or a lump sum of the Participant Contributions Account and 50% Survivor Annuity of Employer paid benefit, without COLA. Payments commence on the first day of the month following death or, if later, the earliest date on which the Participant would have been eligible to retire based on service at death.

  iii. If a vested former Participant dies after age 55, the surviving spouse is entitled to a choice of lifetime benefit of 100% Survivor Annuity, without COLA, or a lump sum of the Employee Contributions Account and actuarial equivalent of Employer paid benefit, without COLA.

- Non-Contributory Benefit Structure

  The surviving spouse of a married vested Participant is entitled to a lifetime benefit of a 50% Survivor Annuity, payable at what would have been the Participant's Early Retirement Date.

| | |
|---|---|
| Death Benefits While Eligible for Retirement | • Contributory Benefit Structure<br>If a Participant dies while active and eligible for retirement, the surviving spouse may choose:<br>i. 100% Survivor Annuity that would have been paid to the Participant if retired on the day before death, including COLA (aggregate payments not less than Participant Contributions Account); or<br>ii. Lump sum of the Employee Contributions Account, and actuarial equivalent of Employer paid benefit, including COLA.<br>The Surviving Spouse Death Benefit is the remaining amount in the Employee's Contribution Account.<br>• Non-Contributory Benefit Structure<br>The surviving spouse receives an immediate 100% Survivor Annuity that would have been paid to the Participant if retired on the day before death. |
| Normal Form of Payment | Single Life Annuity for unmarried participants, and 50% Joint and Survivor Annuity for married participants. |
| Optional Forms of Payment | • Contributory Benefit Structure<br>i. Single Life Annuity<br>ii. Joint and Survivor Annuity of 50%, 66-2/3%, 75% or 100%<br>iii. Certain and Continuous Annuity of 5, 10 or 15 years<br>iv. Certain Only Annuity of 5, 10 or 15 years<br>v. Temporary Modified Cash Refund Annuity of 5, 10 or 15 years (TMCR)<br>vi. Accelerated Income Option, available in conjunction with the Single Life Annuity, Joint and Survivor Annuity, or Certain and Continuous Annuity of 10 years<br>• Non-Contributory Benefit Structure<br>i. Single Life Annuity<br>ii. Joint and Survivor Annuity of 50%, 75% or 100%<br>iii. Certain and Continuous Annuity of 10 years<br>iv. Certain Only Annuity of 10 or 15 years |

| | |
|---|---|
| Actuarial Equivalence for Annuity Conversion | Certain only annuities and TMCR are actuarially equivalent using interest equal to 30-year Treasury yields from August or October preceding the plan year, whichever is lower, and GAR-94 mortality. Other optional forms of payment are generally determined using actuarial equivalence with 6% interest and RP-2000 mortality projected to 2015 with Scale AA, blended 50/50 male/female, or simplified factors if greater. Actuarial equivalence reflects 4% annual assumed COLA for COLA eligible benefits. Optional forms to which 417(e) apply are not less than the amount using 417(e) minimum conversions with Applicable Interest Rates from August or October preceding the plan year, whichever produces a greater benefit. Other factors apply in limited cases. |
| Other Plan Benefits | Special heritage benefit provisions apply to former employees of General Dynamics Corporation, PanAmSat, HE Holdings (or its subsidiaries) and various other entities formerly associated with Hughes, and to certain participants transferred to General Dynamics Corporation or Hughes Missile Systems Company, or employed by Delphi Automotive Systems. These provisions are not valued in this report, since only a limited number of participants are eligible and their impact has been deemed immaterial. |

## Changes in Plan Provisions since Prior Valuation

These plan provisions reflect all amendments through September 16, 2013 to the BSS Retirement Plan for Bargained Employees, (Amendment No. 23).

The plan was amended to clarify the definition of compensation relating to payments after termination.The plan was amended as required to provide for IRC Section 436 benefit restrictions.

The plan was amended to provide same-sex spouse benefits in compliance with the Supreme Court decision in U.S. vs. Windsor.

The pay and dollar limits were adjusted in accordance with legislative changes effective for 2014 as follows:

- The IRC Section 401(a)(17) pay limit increased to $260,000 for the 2014 plan year.
- The IRC Section 415 dollar limit increased to $210,000 for the 2014 plan year.

There have been no other changes in Plan provisions since the prior valuation, and to our knowledge, no changes effective in the 2014 plan year are pending.

# Schedule SB, Line 32 — Schedule of Amortization Bases

| Type of Base | Date Established | Initial Amount | Remaining Amortization Period (Years) | Outstanding Balance | Amortization Installment |
|---|---|---|---|---|---|
| Shortfall | 01/01/2014 | 21,179,735 | 7 | 21,179,735 | 3,544,619 |
| Total | | | | 21,179,735 | 3,544,619 |

## Schedule SB, line 25 – Change in Method

There has been a refinement in software used to calculate results. This change may constitute a change in method. The new version is designed to produce results at least as accurate as would have been produced had the previous version been used. Any change in results is small.

## Schedule SB, line 24 – Change in Actuarial Assumptions

- The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of September 2012 to September 2013.
- The interest rate used to calculate certain-only benefit forms is the 24-month average of 30-year Treasury rates for the period ending September prior to the valuation date. That rate was updated to 3.09% from 3.58% in the prior year.
- The employee contribution crediting rate is the 24-month average of 120% of the Applicable Federal Rate for the period ending December prior to the valuation date. That rate was updated to 1.41% from 1.77% in the prior year.
- The mortality being used was changed from the IRS-prescribed annuitant and non-annuitant generational mortality tables to the separate 2014 IRS-prescribed annuitant and non-annuitant static tables.