

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 2015 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2015 or fiscal plan year beginning <u>01/01/2015</u> and ending <u>12/31/2015</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>AVIALL, INC. RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ▶ <u>001</u>
	1c Effective date of plan <u>01/01/1994</u>
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO</u> <u>P.O. BOX 619048</u> <u>DALLAS, TX 75261-9048</u>	2b Employer Identification Number (EIN) <u>65-0433083</u> 2c Plan Sponsor's telephone number <u>972-586-1810</u> 2d Business code (see instructions) <u>336410</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>08/26/2016</u>	<u>LOUIS BURRELL</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

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

Form 5500 (2015)
v. 150123

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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 2667
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) 1137
a(2) Total number of active participants at the end of the plan year	6a(2) 1073
b Retired or separated participants receiving benefits.....	6b 938
c Other retired or separated participants entitled to future benefits.....	6c 426
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 2437
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 141
f Total. Add lines 6d and 6e	6f 2578
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 19
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 3H 1I	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☒ G (Financial Transaction Schedules)

Part III	Form M-1 Compliance Information (to be completed by welfare benefit plans)
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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 2015 Form M-1 annual report. If the plan was not required to file the 2015 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2015</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

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

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

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B **F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2015			
2 Assets:			
a Market value	2a	144207891	
b Actuarial value	2b	141332099	
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	1060	45240595	45240595
b For terminated vested participants	492	20140716	20140716
c For active participants	1137	46043995	51759689
d Total	2689	111425306	117141000
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	6.35%	
6 Target normal cost	6	5992990	

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

SIGN HERE		06/24/2016
Signature of actuary		Date
JOANIE ROBERTS		14-07295
Type or print name of actuary		Most recent enrollment number
TOWERS WATSON DELAWARE INC.		214-530-4200
Firm name		Telephone number (including area code)
500 N. AKARD STREET, SUITE 4100 DALLAS, TX 75201		
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)	13495577	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)	13495577	0
10	Interest on line 9 using prior year's actual return of <u>10.22</u> %	1379248	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		0
b(1)	Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.56</u> %		0
b(2)	Interest on line 38b from prior year Schedule SB, using prior year's actual return		
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	14874825	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	107.95 %
15	Adjusted funding target attainment percentage	15	120.65 %
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	124.53 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

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

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

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

21 Discount rate:				
a Segment rates:	1st segment: 4.72 %	2nd segment: 6.11 %	3rd segment: 6.81 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	5992990	
b Excess assets, if applicable, but not greater than line 31a	31b	5992990	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

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

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

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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
		2015
		This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015		
A Name of plan AVIALL, INC. RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO	D Employer Identification Number (EIN) 65-0433083	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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

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

WILLIS TOWERS WATSON

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 17 50 70	NONE	590479	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

IVINS, PHILLIPS & BARKER

52-1229560

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29	NONE	18291	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

THE BOEING CO AND CONSOLIDATED SUBS

91-0425964

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 14 28	PARENT COMPANY	10636	Yes ☒ No ☐	Yes ☐ No ☒	15	Yes ☐ No ☒

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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
		2015
		This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning **01/01/2015** and ending **12/31/2015**

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

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: **TBCERP MASTER TRUST**

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

c EIN-PN 91-0425694-062	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 130984950
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a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<div>SCHEDULE G (Form 5500) Department of Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration</div>	<div>Financial Transaction Schedules</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2015</div> <div>This Form is Open to Public Inspection.</div>
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015	
A Name of plan AVIALL, INC. RETIREMENT PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO	D Employer Identification Number (EIN) 65-0433083

Part I	Schedule of Loans or Fixed Income Obligations in Default or Classified as Uncollectible Complete as many entries as needed to report all loans or fixed income obligations in default or classified as uncollectible. Check box (a) if obligor is known to be a party in interest. Attach Overdue Loan Explanation for each loan listed. See Instructions.
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(a)	(b) Identity and address of obligor	(c) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items
☐		

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

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

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

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

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

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

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

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

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

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

Part II Schedule of Leases in Default or Classified as Uncollectible

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

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

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

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

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

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

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

Part III Nonexempt Transactions

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

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
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
			43	44	1

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value			(d) Purchase price
WILLIAM BLAIR	SERVICE PROVIDER	PLAN ASSETS WERE INADVERTENTLY USED TO MAKE AN OVERPAYMENT 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
			459	460	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
PIMCO	SERVICE PROVIDER	PLAN ASSETS WERE INADVERTENTLY USED TO MAKE AN OVERPAYMENT 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
			144	145	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
J.P. MORGAN	TRUSTEE	PLAN ASSETS WERE INADVERTENTLY USED TO MAKE OVERPAYMENTS TO THE TRUSTEE			
(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
			7	8	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

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection
For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015		
A Name of plan AVIALL, INC. RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 AVIALL, INC. A WHOLLY OWNED SUB OF THE BOEING CO	D Employer Identification Number (EIN) 65-0433083	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	144310849	130984950
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	144310849	130984950

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	102958	98489
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	102958	98489

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	144207891	130886461
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Part II Income and Expense Statement

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

Income

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

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		-1278527
(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		-1278527

Expenses**e** Benefit payment and payments to provide benefits:

(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	11271255	
(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)		11271255
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)	608993	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	9512	
(4) Other	2i(4)	153143	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		771648
j Total expenses. Add all expense amounts in column (b) and enter total	2j		12042903

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-13321430
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☐ Yes ☒ No

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

(1) Name: MOSS ADAMS LLP

(2) EIN: 91-0189318

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

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

During the plan year:

	Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		X		
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		X		

	Yes	No	N/A	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X		
4c		X		
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	X			4
4d	X			4
e Was this plan covered by a fidelity bond?	X			95000000
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?		X		
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?		X		
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?		X		
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.)		X		
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.)		X		
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?		X		
4k		X		
l Has the plan failed to provide any benefit when due under the plan?		X		
4l		X		
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X		
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				
o Did the plan trust incur unrelated business taxable income?				
4o				
p Were in-service distributions made during the plan year?				
4p				

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

6a Name of trust

6b Trust's EIN

6c Name of trustee or custodian

6d Trustee's or custodian's telephone number

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 2015 This Form is Open to Public Inspection.
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

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

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-3581074</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>0</u>

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.	☒ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

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

Schedule R (Form 5500) 2015
v. 150123

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
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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: <u>30.0</u> % Investment-Grade Debt: <u>28.0</u> % High-Yield Debt: <u>2.0</u> % Real Estate: <u>4.0</u> % Other: <u>36.0</u> % 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):

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan?	☐ Yes ☐ No
20b If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)?	☐ Design-based safe harbor method ☐ ADP/ACP test
20c If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))?	☐ Yes ☐ No
21a Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b):	☐ Ratio percentage test ☐ Average benefit test
21b Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	☐ Yes ☐ No
22a Has the plan been timely amended for all required tax law changes?	☐ Yes ☐ No ☐ N/A
22b Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____. (See instructions for tax law changes and codes).	
22c If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter ____/____/____ and the letter's serial number _____.	
22d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter ____/____/____.	
23 Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)?	☐ Yes ☐ No



Report of Independent Auditors
and Financial Statements with
Supplemental Schedule for

Aviall, Inc. Retirement Plan

December 31, 2015 and 2014

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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

REPORT OF INDEPENDENT AUDITORS

To the Aviall Benefits Committee
Aviall, Inc. Retirement Plan

Report on Financial Statements

We have audited the accompanying financial statements of the Aviall, Inc. Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2015 and 2014, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Moss Adams LLP

Seattle, Washington
August 23, 2016

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

	December 31,	
	2015	2014
ASSETS		
Investment at fair value - interest in Master Trust	\$ 130,984,950	\$ 144,310,849
LIABILITIES		
Administrative expenses payable	98,489	102,958
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 130,886,461</u>	<u>\$ 144,207,891</u>

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

	Years Ended December 31,	
	2015	2014
NET INVESTMENT INCOME (LOSS) FROM MASTER TRUST	<u>\$ (1,278,527)</u>	<u>\$ 14,508,303</u>
DEDUCTIONS		
Benefits paid to participants	11,271,255	14,872,239
Administrative expenses	<u>771,648</u>	<u>876,419</u>
Total deductions	<u>12,042,903</u>	<u>15,748,658</u>
NET DECREASE	(13,321,430)	(1,240,355)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>144,207,891</u>	<u>145,448,246</u>
End of year	<u>\$ 130,886,461</u>	<u>\$ 144,207,891</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of the Plan

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

General – The Plan is a defined benefit pension plan covering all eligible non-bargained exempt and nonexempt employees of Aviall, Inc. (the Company), except independent contractors, independent consultants, nonresident aliens, and leased employees. To be eligible for participation in the Plan, an employee must be at least 21 years of age and must have completed 1,000 hours of service in a 12 consecutive month period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Company is the Plan sponsor and a subsidiary of The Boeing Company (Boeing). The Aviall Benefits Committee is the administrator of the Plan. The Company delegated the fiduciary oversight of the assets of the Plan to Boeing's Employee Benefit Investment Committee (EBIC). The assets of the Plan, along with eight defined benefit pension plans sponsored by Boeing, are held in The Boeing Company Employee Retirement Plans Master Trust (the Master Trust). JPMorgan Chase (JPM) serves as the trustee (the Trustee) for the Master Trust.

Pension Benefits – Pension benefits are generally determined based on years of service, compensation, and the participant's annual benefit accrual as defined in the Plan document. Participants become fully vested upon completion of five years of credited service and are eligible for normal retirement at age 65. Early retirement and benefit payments are available after reaching age 55 and completing ten years of service, however the participant's benefits are decreased for each month the participant's age at early retirement precedes age 65. Employees may select the form of benefit payment from various actuarially equivalent annuity options. Certain enhanced benefits are available to participants of record as of September 20, 2006 under change in control provisions.

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

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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of the Plan (Continued)

Contributions – Contributions to provide benefits under the Plan are made solely by the Company. The Company's funding policy is to make cash contributions to the Plan in amounts determined by the Plan's independent actuary necessary to meet the minimum statutory funding requirements of ERISA. The Company met the minimum funding requirements of ERISA, and no contributions were required under ERISA for the years ended December 31, 2015 and 2014.

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

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

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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

Valuation of Investments – 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. The Master Trust's investments are valued as follows:

- Corporate bonds, government bonds, mortgage-backed and asset-backed securities, and municipal bonds 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. To-be-announced securities (TBAs) and treasury forwards, which have a delayed future settlement, are valued similarly to 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 certain other investments, including real-estate investment trusts (REITs), American depository receipts (ADRs), global depository receipts (GDRs), rights, and warrants 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

- Other investments include over-the-counter (OTC) derivatives, such as options and swap contracts. These derivatives are valued based upon the expected amount that the Master Trust would receive or pay to exit the derivative at the reporting date. The valuation methodology uses the income approach and relies on inputs, including, but not limited to, benchmark yields, swap curves, cash flow analysis, ratings updates, and interdealer broker rates. Credit risk of the derivative counterparties is offset by collateralizing the expected amount that the Master Trust would receive or pay to terminate the derivative.
- Short-term investments include treasury bills, commercial paper, certificates of deposits, and discounted notes with original maturities of up to one year. These investments are primarily valued using a market approach based on matrix pricing as 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.
- Investments in funds that do not have a readily determinable fair value and meet the criteria of investment companies are valued using the NAV. The NAV 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. There were no adjustments in 2015 or 2014.
 - Investments in commingled funds, which include common/collective trusts/pooled funds (CCTs) are valued based on the year-end unit values. Unit values are determined by the issuer, investment manager or third-party administrator (TPA) by dividing the fair values of the total net assets at year-end by the outstanding units.
 - Investments in partnerships are recorded based upon year-end valuations, which represent the unit of account, and 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.
 - Investments in 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.
- Cash and cash equivalents include cash and cash collateral. Cash collateral is related to the collateral received on derivatives.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Investment Income – Net investment income (loss) 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 Board of Directors of Boeing has delegated the fiduciary oversight of Plan assets over various retirement plans held within the Master Trust structures to Boeing's EBIC. The EBIC has sub-delegated this responsibility to Boeing's Chief Investment Officer (CIO), who manages Trust Investments and chairs the Boeing Valuation Committee. Trust Investments is responsible for the oversight of the Master Trust 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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

- Review and approve the year-end valuations, including the methods used to develop and substantiate the unobservable inputs used in the fair value measurement
- Review analysis and benchmarks used by 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 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.

Corporate bonds, government bonds, mortgage-backed and asset-backed securities, municipal bonds, common and preferred stocks, mutual funds 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 of the valuation processes and related assumptions and inputs that may be used by the vendors to price instruments. The custodian due diligence process includes reviews of pricing controls and procedures that are carried out on the Master Trust's behalf. This includes various levels of tolerance checks on price changes, review of stale or unchanged prices, multi-price source comparisons, and vendor price challenges. Additionally, on a monthly basis, the custodian reconciles its valuations to valuations obtained from each investment manager and any exceptions are reported to Trust Investments for resolution, which may include escalation to the Valuation Committee.

Securities Purchased with an Agreement to Resell – Resale agreements are treated as financing arrangements in receivables and are carried at contract amounts reflective of the amounts at which the securities will be subsequently resold, as specified in the respective agreements. Resale agreements are collateralized by high-quality, fixed-income securities. The Master Trust's policy is to take physical possession or control of the securities purchased under agreements to resell and is permitted by contract to sell or re-pledge.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2015, the fair value of the securities received as collateral for resale agreements of \$35,300,000 was \$36,044,714. There were no resale agreements as of December 31, 2014.

Benefits – Benefits are recorded when paid.

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

Subsequent Events – The Plan has evaluated subsequent events through August 23, 2016, the date the financial statements were available to be issued.

Recent Accounting Guidance Adopted – In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU 2015-07 removes the requirement to present certain investments for which the practical expedient is used to measure fair value at NAV within the fair value hierarchy table. Instead, a plan would be required to include those investments as a reconciling item so that the total fair value amount of investments in the disclosure is consistent with the fair value investment balance on the statement of net assets available for benefits. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016, with early adoption permitted and is to be applied retrospectively. The Plan elected to early adopt ASU 2015-07 as of December 31, 2015, as permitted, and has applied ASU 2015-07 retrospectively, as required. The Plan presents the investment disclosure required by this new guidance in Note 5. There are no effects on the statements of net assets available for benefits or the changes therein.

In July 2015, the FASB issued ASU No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, and (Part III) Measurement Date Practical Expedient*. Parts I and III are not applicable to the Plan or the Master Trust. Part II of ASU 2015-12 is applicable to the Plan and the Master Trust. Part II eliminates the requirements to disclose individual investments that represent 5% or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Part II is to be applied retrospectively. The Plan has elected to early adopt ASU 2015-12 as of December 31, 2015, as permitted, and have applied the provisions of ASU 2015-12 retrospectively, as required. Part II is reflected in the notes to the financial statements. Certain historical disclosures that are no longer required were removed. There are no effects on the statements of net assets available for benefits or the changes therein.

Note 3 – Accumulated Plan Benefits

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

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

The PVAB has been determined by an independent actuary and is the sum of accumulated benefits adjusted to reflect the probability of payment (by means of decrements, such as death, disability, termination, or retirement) and the time value of money (through discounts for interest) between the valuation date and the expected date of payment. Significant actuarial assumptions underlying the actuarial computations in the December 31, 2014 valuation were as follows:

Interest rate	7.0%
Retirement	Average age at retirement is 64 years
Mortality basis (healthy and disabled)	Based on RP-2000 with a one-and-one-half year age set back with generational projections using Scale AA

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

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS

Note 3 – Accumulated Plan Benefits (Continued)

The actuarial PVAB as of December 31, 2014 is as follows:

Vested benefits:

Participants and beneficiaries currently receiving payments	\$ 43,784,220
Other participants	<u>63,683,813</u>
Total vested benefits	107,468,033

Nonvested benefits	<u>5,312,874</u>
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Total actuarial PVAB	<u><u>\$ 112,780,907</u></u>
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The changes in actuarial PVAB for the year ended December 31, 2014 is as follows:

Total actuarial PVAB at December 31, 2013	<u>\$ 107,370,486</u>
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Increase (decrease) during the year attributable to:

Benefits accumulated	4,373,824
Actuarial loss	2,929,351
Decrease in the discount period	8,157,225
Benefits paid	(14,872,239)
Changes in actuarial assumptions	<u>4,822,260</u>
Net increase	<u>5,410,421</u>

Total actuarial PVAB at December 31, 2014	<u><u>\$ 112,780,907</u></u>
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The changes in actuarial assumptions represent the effect of changes in the discount rate and the mortality table.

Note 4 – Master Trust

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

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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 4 – Master Trust (Continued)

In addition to the Plan, as of December 31, 2015 and 2014, the assets of the following plans (collectively, the Plans) were combined in the Master Trust:

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

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

The Plan’s ownership interest in the Master Trust was 0.23% and 0.24% as of December 31, 2015 and 2014, respectively.

AVIALL, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS

Note 4 – Master Trust (Continued)

The value of net assets within the Master Trust at December 31, 2015 and 2014 are as follows:

	2015	2014
ASSETS		
Investments - at fair value		
Corporate bonds	\$ 16,371,128,749	\$ 17,570,760,579
Government bonds	5,938,221,002	6,592,649,513
Mortgage-backed and asset-backed securities	841,340,472	1,210,703,163
Municipal bonds	1,474,893,109	1,636,337,656
Common and preferred stock	11,323,833,451	15,583,077,716
Mutual funds	361,239,893	45,780,250
Partnerships	5,894,088,225	5,786,252,803
Hedge funds	6,944,468,801	4,630,283,339
Commingled Funds	5,638,001,407	6,435,009,977
Other investments	26,145,190	31,145,693
Short-term investments	963,614,888	785,224,719
Total investments - at fair value	55,776,975,187	60,307,225,408
Investments at contract value	74,184,968	236,505,143
Total Master Trust investments	55,851,160,155	60,543,730,551
Cash and cash equivalents	187,782,052	135,375,900
Receivables		
Accrued investment income	309,713,017	315,652,325
Receivables for securities sold	81,520,539	63,529,278
Securities purchased with an agreement to resell	35,300,000	-
Other receivables	67,316,230	89,100,611
Total receivables	493,849,786	468,282,214
Total assets	56,532,791,993	61,147,388,665
LIABILITIES		
Payables for securities purchased	54,582,936	370,000
Investment and administrative expense	32,847,005	41,225,288
Other liabilities	135,238,235	239,627,037
Total liabilities	222,668,176	281,222,325
NET ASSETS	\$ 56,310,123,817	\$ 60,866,166,340

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 4 – Master Trust (Continued)

Changes in net assets for the Master Trust for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
ADDITIONS		
Investment income	\$ 1,464,183,970	\$ 1,592,401,271
Net appreciation in fair value of investments	-	4,431,743,676
Amounts received from participating plans	44,502,265	755,074,862
Total additions	1,508,686,235	6,779,219,809
DEDUCTIONS		
Net depreciation in fair value of investments	(1,881,148,579)	-
Amounts paid to participating plans	(4,047,002,244)	(3,768,404,466)
Trustee and investment management fees	(132,911,529)	(137,111,619)
Total deductions	(6,061,062,352)	(3,905,516,085)
ASSETS TRANSFER OUT TO ANOTHER PLAN	(217,369)	-
ASSETS TRANSFER OUT TO INSURANCE CARRIERS	(3,449,037)	-
NET ADDITIONS (DEDUCTIONS)	(4,556,042,523)	2,873,703,724
NET ASSETS		
Beginning of year	60,866,166,340	57,992,462,616
End of year	\$ 56,310,123,817	\$ 60,866,166,340

Note 5 – Fair Value of Financial Assets and Financial Liabilities

ASC 820, *Fair Value Measurements and Disclosures*, 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

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, Level 1 to Level 3, or Level 2 to Level 3.

The following tables set forth by level within the fair value hierarchy a summary of the Master Trust investments by general types of assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014. 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.

	December 31, 2015				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not leveled	Total
ASSETS:					
Investments in the fair value hierarchy:					
Corporate bonds	\$ -	\$ 16,367,163,030	\$ 3,965,719	\$ -	\$ 16,371,128,749
Government bonds	-	5,936,869,902	1,351,100	-	5,938,221,002
Mortgage-backed and asset-backed securities	-	387,186,749	454,153,723	-	841,340,472
Municipal bonds	-	1,474,893,109	-	-	1,474,893,109
Common and preferred stock	11,317,906,088	-	5,927,363	-	11,323,833,451
Mutual funds	361,239,893	-	-	-	361,239,893
Partnerships	-	-	30,867	-	30,867
Other investments	173,827	25,971,263	100	-	26,145,190
Short-term investments	-	963,614,888	-	-	963,614,888
Total investments in the fair value hierarchy	11,679,319,808	25,155,698,941	465,428,872	-	37,300,447,621
Investments measured at net asset value:					
Partnerships	-	-	-	5,894,057,358	5,894,057,358
Hedge funds	-	-	-	6,944,468,801	6,944,468,801
Commingled funds	-	-	-	5,638,001,407	5,638,001,407
Total investments — at fair value	11,679,319,808	25,155,698,941	465,428,872	18,476,527,566	55,776,975,187
Investments at contract value	-	-	-	74,184,968	74,184,968
Cash and cash equivalents	-	126,055,714	-	61,726,338	187,782,052
Receivables:					
Accrued investment income	-	-	-	309,713,017	309,713,017
Receivables for securities sold	-	-	-	81,520,539	81,520,539
Securities purchased with an agreement to resell	-	35,300,000	-	-	35,300,000
Other receivables	15,524,295	14,993,312	-	36,798,623	67,316,230
Total receivables	15,524,295	50,293,312	-	428,032,179	493,849,786
Total assets	11,694,844,103	25,332,047,967	465,428,872	19,040,471,051	56,532,791,993
LIABILITIES:					
Payables for securities purchased	-	-	-	54,582,936	54,582,936
Investment and administrative expense	-	-	-	32,847,005	32,847,005
Other liabilities	7,103,656	65,085,733	21	63,048,825	135,238,235
Total liabilities	7,103,656	65,085,733	21	150,478,766	222,668,176
NET ASSETS	\$ 11,687,740,447	\$ 25,266,962,234	\$ 465,428,851	\$ 18,889,992,285	\$ 56,310,123,817

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

	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	Total
ASSETS:					
Investments in the fair value heirarchy:					
Corporate bonds	\$ -	\$ 17,568,515,148	\$ 2,245,431	\$ -	\$ 17,570,760,579
Government bonds	-	6,592,649,513	-	-	6,592,649,513
Mortgage-backed and asset-backed securities	-	595,942,695	614,760,468	-	1,210,703,163
Municipal bonds	-	1,636,337,656	-	-	1,636,337,656
Common and preferred stock	15,578,977,383	-	4,100,333	-	15,583,077,716
Mutual funds	45,780,250	-	-	-	45,780,250
Partnerships	-	-	30,867	-	30,867
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 in the fair value heirarchy	15,625,095,133	27,209,249,243	621,365,780	-	43,455,710,156
Investments measured at net asset value:					
Partnerships	-	-	-	5,786,221,936	5,786,221,936
Hedge funds	-	-	-	4,630,283,339	4,630,283,339
Commingled funds	-	-	-	6,435,009,977	6,435,009,977
Total investments — at fair value	15,625,095,133	27,209,249,243	621,365,780	16,851,515,252	60,307,225,408
Investments at contract value	-	-	-	236,505,143	236,505,143
Cash and cash equivalents	-	99,592,639	-	35,783,261	135,375,900
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
Total assets	15,629,510,658	27,326,230,127	621,365,780	17,570,282,100	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	\$ 27,259,823,782	\$ 621,353,340	\$ 17,363,676,957	\$ 60,866,166,340

Total Master Trust financial net assets at fair value classified within Level 3 were \$465,428,851 and \$621,353,340 as of December 31, 2015 and 2014, respectively, which primarily consists of investments in mortgage-backed and asset-backed securities. Such amounts were 0.83% of net assets as of December 31, 2015 and 1.02% as of December 31, 2014.

Level 3 Activity – A summary of changes in the fair value of the Master Trust’s Level 3 financial assets for the years ended December 31, 2015 and 2014 is as follows:

	January 1, 2015 Beginning Balance	Net Unrealized and Realized Gains (Losses)	Purchases and Sales (Net)	Transfers into Level 3	Transfers out of Level 3	December 31, 2015 Ending Balance
Financial assets:						
Corporate bonds	\$ 2,245,431	\$ 137,030	\$ 354,645	\$ 1,228,612	\$ -	\$ 3,965,719
Government bonds	-	14,749	1,336,351	-	-	1,351,100
Mortgage-backed and asset-backed securities	614,760,468	(9,295,184)	(154,326,237)	4,167,224	(1,152,548)	454,153,723
Common and preferred stock	4,100,333	(13,810)	(2,235,270)	4,076,110	-	5,927,363
Partnerships	30,867	-	-	-	-	30,867
Other investments	151,676	(2,579,925)	2,428,349	-	-	100
Short-term investments	77,005	(5)	(77,000)	-	-	-
Total assets	621,365,780	(11,737,144)	(152,519,161)	9,471,946	(1,152,548)	465,428,872
Other liabilities	12,440	(23,293)	10,874	-	-	21
Total net assets	\$ 621,353,340	\$ (11,713,851)	\$ (152,530,036)	\$ 9,471,946	\$ (1,152,548)	\$ 465,428,851

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

	January 1, 2014 Beginning Balance	Net Unrealized and Realized Gains (Losses)	Purchases and Sales (Net)	Transfers into Level 3	Transfers out of Level 3	December 31, 2014 Ending Balance
Financial assets:						
Corporate bonds	\$ 24,180,090	\$ 247,016	\$ (16,569,280)	\$ -	\$ (5,612,395)	\$ 2,245,431
Mortgage-backed and asset-backed securities	548,737,694	12,770,874	61,184,047	6,581,375	(14,513,522)	614,760,468
Common and preferred stock	4,263,239	141,127	(1,133,463)	857,700	(28,270)	4,100,333
Partnerships	-	2,429	28,438	-	-	30,867
Other investments	-	94,626	57,050	-	-	151,676
Short-term investments	-	(999)	78,004	-	-	77,005
Total assets	577,181,023	13,255,073	43,644,796	7,439,075	(20,154,187)	621,365,780
Other liabilities	-	(40,159)	52,599	-	-	12,440
Total net assets	\$ 577,181,023	\$ 13,295,232	\$ 43,592,197	\$ 7,439,075	\$ (20,154,187)	\$ 621,353,340

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.

During 2015, \$1,228,612 of corporate bonds were reclassified from Level 2 to Level 3, as these securities started receiving a single broker quote or had stale prices. Mortgage-backed and asset-backed securities in the amount of \$4,167,224 were reclassified from Level 2 to Level 3, as their valuations relied on unobservable inputs. Also, \$4,076,110 of common and preferred stock were reclassified from Level 1 to Level 3, because these securities either had a stale price, or were delisted or suspended. In addition, \$1,152,548 of mortgage-backed and asset-backed securities transferred from Level 3 to Level 2, as valuations used observable inputs.

During 2014, \$6,581,375 of mortgage-backed and asset-backed securities was reclassified into Level 3 because they were re-evaluated due to additional available data. \$857,700 in common stocks was reclassified from Level 2 to Level 3 as those securities were delisted or the prices were stale due to a lack of liquidity. In addition, \$5,612,395 and \$14,513,522 in corporate bonds and mortgage-backed and asset-backed securities, respectively, was reclassified from Level 3 to Level 2 as additional pricing information, including significant observable inputs, on these securities became available and because some mortgage-backed and asset-backed securities were reclassified due to additional available data. \$28,270 in common stocks was reclassified from Level 3 to Level 2 as the common stock was picked up by a pricing vendor.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

Level 3 Quantitative Disclosure – A summary of quantitative data of the Master Trust's Level 3 investment assets for the years ended December 31, 2015 and 2014 is as follows:

	Level 3 Total	Valuation Technique	2015			Weighted Average
			Assumptions*	Minimum	Maximum	
Corporate Bonds	\$ 373,250		Yield (%)	2.12	4.17	3.57
Mortgage-backed and asset-backed securities						
Asset Backed Securities	15,853,412	Matrix Pricing	Yield (%)	1.95	4.79	3.37
			Prepayment Speed (CPR)	2	8	3.98
			Default Rate	1.5	3	1.97
			Loss Severity Rate(%)	1	86.5	6.17
Asset Backed Securities (Agency)	234,121	Matrix Pricing	Yield (%)	1.61	1.61	1.61
			Prepayment Speed	241	241	241
Auction Rate Securities	10,823,189	Discounted Cash Flow	Yield (%)	3.63	4.44	4.08
			Remaining Term to Maturity	15.14	21.75	18.32
Collateralized Loan Obligations	31,955,877	Matrix Pricing	Yield (%)	5.1	7.82	5.8
			Prepayment Speed (CPP)	20	20	20
			Default Rate	2	2	2
			Loss Severity Rate(%)	50	50	50
Commercial Mortgage Backed Securities	154,486,344	Matrix Pricing	Yield (%)	1.51	7.24	3.46
			Prepayment Speed (CPY)	0	100	6.5
Commercial Mortgage Backed Securities	3,920,626	Matrix Pricing	Yield (%)	1.33	5.59	1.89
			Prepayment Speed (CPR)	0	100	60.06
			Default Rate	0	100	0.5
			Loss Severity Rate(%)	0	20	0.1
Commercial Mortgage Backed Securities (Agency)	560,713	Matrix Pricing	Yield (%)	1.87	4.02	3.01
Residential Mortgage Backed Securities	135,283,917	Matrix Pricing	Yield (%)	0.83	16.02	4.03
			Prepayment Speed (CPR)	0.25	23.57	5.56
			Default Rate	0.15	9.69	4.66
			Loss Severity Rate(%)	20	100	67.28
Residential Mortgage Backed Securities (Agency)	1,001,144	Matrix Pricing	Yield (%)	2.29	2.56	2.44
			Prepayment Speed (CPR)	10	10	10
Other	7,655,652	Matrix Pricing	Yield (%)	2.46	8.07	3.69
Total	<u>\$ 362,148,247</u>					

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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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

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

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

Other Financial Instruments – The fair value of the investment contracts valued at contract value in the Master Trust's statements of net assets is \$76,587,073 and \$256,539,372 as of December 31, 2015 and 2014, 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 cash equivalents, 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – NAV per Share

In accordance with ASC 820, the following is a summary of the Master Trust investments in which the NAV per share of the investment is used to estimate its fair value. The summaries below are categorized by general types of assets as disclosed in the Master Trust's statements of net assets. For each general type of assets utilizing the NAV, the fair value, redemption frequency, and redemption notice period as of December 31, 2015 and 2014 are disclosed.

Commingled Funds – This category includes investments in U.S. and non-U.S. securities held by a CCT, real estate and real asset investments via commingled funds and insurance company pooled separate accounts. Generally, redemptions may occur daily, weekly, semimonthly, monthly or quarterly depending upon the fund. For a majority of the funds, redemption notices may be given daily or up to 10 business days in advance, or up to 120 days in advance for one of the commingled funds. 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. Under extraordinary circumstances, some of the funds may temporarily delay distributions or make distributions of securities in kind. For the CCTs with a quarterly redemption frequency, the notice period ranges from 45 to 90 days in advance of quarter-end. These funds are restricted to a redemption queue. A redemption queue is a restriction on withdrawals from a fund due to liquidity restrictions. The fund manager restricts the percentage of the fund that is available for redemption during each redemption period. All investors in the queue will receive an equal portion of the available liquidity. The queue continues until all investor redemption requests are satisfied or the queue is lifted in its entirety.

Redemption Frequency	Redemption Notice Period	As of December 31, 2015		As of December 31, 2014	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Daily	From daily up to 10 business days	\$ 1,886,604,463	\$ -	\$ 2,680,346,373	\$ -
Weekly	Ten business days prior to trade date	53,930,616	-	55,591,671	-
Semimonthly	Five business days prior to valuation date	702,158,586	-	548,998,638	-
Monthly	From two up to 120 days	2,090,145,661	-	2,313,026,014	-
Quarterly	From 45 up to 90 days	905,162,081	-	837,047,281	-
		<u>\$5,638,001,407</u>	<u>\$ -</u>	<u>\$ 6,435,009,977</u>	<u>\$ -</u>

Partnerships – This category includes investments in private equities held by limited partnerships that may be in buyout, venture, special situations, distressed debt, or fund-of-fund strategies. This category also includes investments in private real estate (such as office, retail, apartment, and industrial properties) and real assets (such as infrastructure, energy, farmland, and timber) made through limited partnerships. Generally, the 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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – NAV per Share (Continued)

The Master Trust maintains an active portfolio of private equity and 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. The limited partnership investments with quarterly redemption notice periods are restricted to a redemption queue. A redemption queue is a restriction on withdrawals from a fund due to liquidity restrictions. The fund manager restricts the percentage of the fund that is available for redemption during each redemption period. All investors in the queue will receive an equal portion of the available liquidity. The queue continues until all investor redemption requests are satisfied or the queue is lifted in its entirety.

Redemption Frequency	Redemption Notice Period	As of December 31, 2015		As of December 31, 2014	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Monthly	Five days	\$ 310,733,053	\$ -	\$ -	\$ -
Quarterly	From 45 up to 90 days before quarter end	1,021,482,986	-	903,316,006	5,176,479
Liquidate over the next 10 years	See narrative	<u>4,561,841,319</u>	<u>2,526,823,107</u>	<u>4,882,905,930</u>	<u>2,370,148,825</u>
		<u>\$ 5,894,057,358</u>	<u>\$ 2,526,823,107</u>	<u>\$ 5,786,221,936</u>	<u>\$ 2,375,325,304</u>

Hedge Funds – This category includes investments in hedge funds. Common hedge fund strategies include event-driven, relative value, long-short, and market neutral. Types of hedge fund investments may include direct investments in various hedge funds and investments through fund-of-fund vehicles. 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.

Each hedge fund has its own redemption rights and distribution process specified in the fund prospectus. Redemption is generally allowed subject to liquidity and certain restrictions. These restrictions generally include fund-level gates and lockup periods. A “gate” provision allows a hedge fund manager to limit the amount of withdrawals on any withdrawal date to not more than a stated percentage of a fund’s net assets – often 10% to 25%, depending on how frequently investors have a right to withdraw capital. A “lock-up” provision restricts an investor’s ability to withdraw capital from a hedge fund for some stated period of time. It is common for hedge funds to lock-up an investor’s investments for one or two years. As of December 31, 2015, the lock-up restriction will lapse in 3 months up to 30 months, depending on each individual fund’s contractual terms.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – NAV per Share (Continued)

Redemption Frequency	Redemption Notice Period	As of December 31, 2015		As of December 31, 2014	
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Monthly	Up to 93 days	\$ 3,203,935,926	\$ -	\$ 1,882,802,140	\$ -
Quarterly	From 33 up to 180 days	2,097,134,027	150,000,000	1,440,417,291	-
Semiannually	From 45 up to 65 days	643,415,837	-	276,195,309	-
Annually	From 45 up to 90 days	306,130,861	-	496,900,547	-
Two years	From 45 up to 90 days	247,631,011	-	237,688,628	-
Three years	From 45 up to 95 days	323,131,154	-	296,279,424	19,750,000
Illiquid	Not applicable	123,089,985	-	-	-
		<u>\$ 6,944,468,801</u>	<u>\$ 150,000,000</u>	<u>\$ 4,630,283,339</u>	<u>\$ 19,750,000</u>

Note 7 – Derivative Financial Instruments

ASC 815, *Derivatives and Hedging*, requires disclosures on how and why derivatives are used, accounted for, and affect the results of operations and financial position. Derivative instruments held by the Master Trust are not designated as hedging instruments under ASC 815. The Master Trust is exposed to the following financial instruments risks:

Interest Rate Risk – Interest rate risk is the risk of change in the market value of the assets due to a change in interest rates. Bond futures, interest rate swaps, and interest rate swaptions are generally used to manage interest rate risk or adjust portfolio duration.

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

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.

Note 7 – Derivative Financial Instruments (Continued)

Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation, or index.

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

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

A currency option gives the buyer the right, but not the obligation, to buy one currency or sell another currency at a set exchange rate on or before a given date.

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

Commodity Risk – Commodity risk is the risk of change in the market value of the underlying commodity due to a change in the price of the commodity. Commodity futures, swaps, and options are generally used to achieve the desired market exposure to commodities. A futures contract is an agreement between two parties to buy and sell a commodity at a set price on a future date. Commodity swaps are agreements involving the exchange by the Master Trust, with a counterparty, of respective commitments to pay or receive cash flows, e.g., an exchange of payments based on the price movement for the commodity, with respect to the notional amount of principal. Commodity options give the buyer the right, but not the obligation, to buy one commodity or sell another commodity at a set price on or before a given date.

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.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 7 – Derivative Financial Instruments (Continued)

As of December 31, 2015 and 2014, the Master Trust has invested in derivative contracts, which are reflected in the Master Trust's statements of net assets as follows:

2015	Interest Rate	Credit	Foreign Currency	Equity	Commodity	Future Settlement	Total
Assets:							
Other investments:							
Options	\$ 1,032,939	\$ 60,965	\$ 95,776	\$ -	\$ 192,260	\$ -	\$ 1,381,940
Swaps	2,799,233	19,616,757	34,675	-	2,312,585	-	24,763,250
Other receivables:							
Forward contracts	-	-	14,963,168	-	-	-	14,963,168
Futures	12,087,815	-	-	-	3,436,480	-	15,524,295
Treasury forwards and TBAs	-	-	-	-	-	30,144	30,144
Total assets	<u>\$ 15,919,987</u>	<u>\$ 19,677,722</u>	<u>\$ 15,093,619</u>	<u>\$ -</u>	<u>\$ 5,941,325</u>	<u>\$ 30,144</u>	<u>\$ 56,662,797</u>
Liabilities:							
Other liabilities:							
Forward contracts	\$ -	\$ -	\$ 6,533,594	\$ -	\$ -	\$ -	\$ 6,533,594
Futures	2,094,527	-	-	3,008,727	1,821,894	-	6,925,148
Options	770,519	695,683	214,837	-	178,528	-	1,859,567
Swaps	16,098,700	39,897,474	-	-	595,506	-	56,591,680
Treasury forwards and TBAs	-	-	-	-	-	279,421	279,421
Total liabilities	<u>\$ 18,963,746</u>	<u>\$ 40,593,157</u>	<u>\$ 6,748,431</u>	<u>\$ 3,008,727</u>	<u>\$ 2,595,928</u>	<u>\$ 279,421</u>	<u>\$ 72,189,410</u>
2014	Interest Rate	Credit	Foreign Currency	Equity	Commodity	Future Settlement	Total
Assets:							
Other investments:							
Options	\$ 5,244,267	\$ 7,188	\$ 93,574	\$ -	\$ 31,500	\$ -	\$ 5,376,529
Swaps	5,585,193	19,483,834	-	-	700,137	-	25,769,164
Other receivables:							
Forward contracts	-	-	17,086,478	-	-	-	17,086,478
Futures	2,901,826	-	-	-	1,513,699	-	4,415,525
Treasury forwards and TBAs	-	-	-	-	-	301,767	301,767
Total assets	<u>\$ 13,731,286</u>	<u>\$ 19,491,022</u>	<u>\$ 17,180,052</u>	<u>\$ -</u>	<u>\$ 2,245,336</u>	<u>\$ 301,767</u>	<u>\$ 52,949,463</u>
Liabilities:							
Other liabilities:							
Forward contracts	\$ -	\$ -	\$ 7,950,965	\$ -	\$ -	\$ -	\$ 7,950,965
Futures	1,083,730	-	-	404,150	6,286,088	-	7,773,968
Options	2,664,002	957,590	231,527	7,200	235,310	-	4,095,629
Swaps	27,712,172	16,918,595	2,360	-	9,309,366	-	53,942,493
Treasury forwards and TBAs	-	-	-	-	-	854,127	854,127
Total liabilities	<u>\$ 31,459,904</u>	<u>\$ 17,876,185</u>	<u>\$ 8,184,852</u>	<u>\$ 411,350</u>	<u>\$ 15,830,764</u>	<u>\$ 854,127</u>	<u>\$ 74,617,182</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 7 – Derivative Financial Instruments (Continued)

Realized gains and losses and the change in unrealized gains and losses are reflected in the Master Trust's statements of changes in net assets as net appreciation or depreciation in the fair value of investments. The effects of derivative contracts realized gains and losses and the change in unrealized gains and losses for the years ended December 31, 2015 and 2014, are reflected in the following tables:

2015	Interest Rate	Credit	Foreign Currency	Equity	Commodity	Future Settlement	Total
Net gains (losses):							
Forward contracts	\$ -	\$ -	\$ 21,978,509	\$ -	\$ -	\$ -	\$ 21,978,509
Futures	(43,673,614)	-	403,972	152,773,981	(180,351,249)	-	(70,846,910)
Options	291,415	4,023,404	(470,820)	43,283	287,644	-	4,174,926
Swaps	(11,481,599)	(30,201,476)	(126,608)	-	(20,901,684)	-	(62,711,367)
Treasury forwards and TBAs	-	-	-	-	-	1,560,076	1,560,076
Total net gains and losses	<u>\$ (54,863,798)</u>	<u>\$ (26,178,072)</u>	<u>\$ 21,785,053</u>	<u>\$ 152,817,264</u>	<u>\$ (200,965,289)</u>	<u>\$ 1,560,076</u>	<u>\$ (105,844,766)</u>

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

The following tables summarize the gross notional value of derivative contracts outstanding as of December 31, 2015 and 2014. 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.

2015	Interest Rate	Credit	Foreign Currency	Equity	Commodities	Future Settlement	Total
Forward contracts	\$ -	\$ -	\$ 1,260,834,000	\$ -	\$ -	\$ -	\$ 1,260,834,000
Futures	5,431,489,431	-	58,350,674	2,293,035,552	729,626,860	-	8,512,502,517
Options	592,843,150	391,871,145	34,188,330	-	7,651,700	-	1,026,554,325
Swaps	1,182,760,437	2,377,620,483	5,587,858	-	187,186,612	-	3,753,155,390
Treasury forwards and TBAs	-	-	-	-	-	134,854,285	134,854,285
	<u>\$ 7,207,093,018</u>	<u>\$ 2,769,491,628</u>	<u>\$ 1,358,960,862</u>	<u>\$ 2,293,035,552</u>	<u>\$ 924,465,172</u>	<u>\$ 134,854,285</u>	<u>\$ 14,687,900,517</u>

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 forwards and TBAs	-	-	-	-	-	256,767,284	256,767,284
	<u>\$ 6,553,910,214</u>	<u>\$ 3,001,985,058</u>	<u>\$ 1,605,120,915</u>	<u>\$ 821,421,287</u>	<u>\$ 1,149,506,379</u>	<u>\$ 256,767,284</u>	<u>\$ 13,388,711,137</u>

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 7 – Derivative Financial Instruments (Continued)

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

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

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

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

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

The Master Trust has liquidity risk if its assets decline by various, pre-specified rates over predetermined time periods. If this occurs, the Master Trust is required to post more collateral or may be required to pay off the open liability contracts given the counterparty’s right to terminate the contract. At December 31, 2015 and 2014, the Master Trust had a fair value of \$30,845,562 and \$19,889,583, respectively, in contracts in a net liability position with contingent features; \$20,291,389 and \$10,118,548, respectively, were posted in collateral against those positions. In the event that a contingent event had occurred at December 31, 2015 and 2014, \$1,494,590 and \$200,000, 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, 2015 and 2014, these terminations would have required the Master Trust to settle trades with a fair value of \$20,337,912 and \$19,063,750, respectively.

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 8 – Related-Party Transactions

Certain Master Trust investments are managed by JPM. JPM is the Trustee for the Plan and therefore, these transactions qualify as party-in-interest transactions. The JPM investment management fees for the Plan are paid at the Master Trust level. In addition, certain investment management fees paid to JPM are included as a reduction of the return earned on investments.

Note 9 – Tax Status

The Plan received a determination letter dated February 6, 2015, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable sections of the Internal Revenue Code (IRC). Plan management believes the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan administrator believes the Plan's tax-exempt status has not been affected, and no provision for income taxes has been included in the Plan's financial statements.

Note 10 – Nonexempt Party-in-Interest Transactions

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

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

On February 13, 2014, a reportable nonexempt party-in-interest transaction occurred. Plan assets were inadvertently used to make an overpayment to a third-party provider. The Plan was corrected according to the guiding principles of the DOL's VFCP, which involved remitting the total principal amount of \$459 to the Plan on February 20, 2014 and associated lost earnings on February 21, 2014 and May 6, 2016 for a total amount of \$1.

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

AVIALL, INC. RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 10 – Nonexempt Party-in-Interest Transactions (Continued)

During April 1, 2015 through December 18, 2015, reportable nonexempt party-in-interest transactions occurred. Plan assets were inadvertently used to make overpayments to the Trustee. The Plan was corrected according to the guiding principles of the DOL's VFCP, which involved remitting the total principal amount of \$7 and associated lost earnings in the amount of \$1 to the Plan on July 8, 2016.

On September 17, 2015, a reportable nonexempt party-in-interest transaction occurred. Plan assets were inadvertently used to make an overpayment to a third-party provider. The Plan was corrected according to the guiding principles of the DOL's VFCP, which involved remitting the total principal amount of \$144 to the Plan on September 22, 2015 and associated lost earnings on September 22, 2015 and May 6, 2016 for total amount of \$1.

Note 11 – Subsequent Events

Effective January 1, 2016, pay-based benefit accruals for participants in the Plan will cease. As a result of the freezing of the benefit accruals, beginning January 1, 2016, the Company will make additional enhanced Company contributions to the Aviall, Inc. Employee Savings Plan (the Savings Plan) (or The Boeing Company Voluntary Investment Plan after the Savings Plan merger discussed below) for eligible employees who previously received benefits from the Plan, including a three-year transition benefit consisting of the following:

- 9% of eligible compensation in 2016
- 8% of eligible compensation in 2017
- 7% of eligible compensation in 2018

Effective January 1, 2016, the Company will increase the employer matching percentage for all eligible Company employees in the Savings Plan from 50% to 75% of each employee's contributions up to 8% of the employee's eligible compensation each pay period.

Effective July 1, 2016, the Plan will be amended to add an on-going lump sum distribution option for all eligible participants.

Beginning January 1, 2019, after the three-year transition period, the Company will make enhanced Company contributions to the Savings Plan (or The Boeing Company Voluntary Investment Plan after the Savings Plan merger discussed below) as follows:

- 3% of eligible compensation for eligible employees under age 40
- 4% of eligible compensation for eligible employees age 40-49
- 5% of eligible compensation for eligible employees age 50 and over

Effective January 1, 2017 or as soon as administratively feasible thereafter, the Savings Plan will merge into The Boeing Company Voluntary Investment Plan. All assets and liabilities of the Savings Plan will be transferred to The Boeing Company Voluntary Investment Plan.

SUPPLEMENTAL SCHEDULE

AVIALL, INC. RETIREMENT PLAN**EIN: 65-0433083****PLAN #: 001****SCHEDULE G, PART III – SCHEDULE OF NONEXEMPT TRANSACTIONS****YEAR ENDED DECEMBER 31, 2015**

<u>Party Involved</u>	<u>Relationship to Plan</u>	<u>Description of Transaction</u>	<u>Cost of Asset</u>	<u>Current Value of Asset</u>	<u>Net Gain on Each Transaction</u>
William Blair	Service Provider	Plan assets were inadvertently used to make an overpayment to a third-party provider	\$ 459	\$ 460	\$ 1
The Boeing Company	Parent Company of the Plan Sponsor	Plan assets were inadvertently received by the Parent Company of the Plan Sponsor	\$ 43	\$ 44	\$ 1
JPMorgan Chase	Trustee	Plan assets were inadvertently used to make overpayments to the Trustee	\$ 7	\$ 8	\$ 1
PIMCO	Service Provider	Plan assets were inadvertently used to make an overpayment to a third-party provider	\$ 144	\$ 145	\$ 1

Schedule SB, Line 26 – Schedule of Active Participant Data as of January 1, 2015

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Schedule SB, Line 26
Schedule of Active Participant Data as of January 1, 2015

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		8		1		0		0		0		0		0		0		0	
25 - 29	0		30	54,637	20	48,562	0		0		0		0		0		0		0	
30 - 34	0		51	57,043	54	62,607	13		1		0		0		0		0		0	
35 - 39	0		46	74,067	67	61,964	36	82,055	8		0		0		0		0		0	
40 - 44	0		52	88,395	69	79,077	25	65,622	14		2		1		0		0		0	
45 - 49	0		37	80,337	53	78,931	39	68,373	19		10		9		1		0		0	
50 - 54	0		32	83,903	56	73,945	37	81,582	19		7		21	94,486	5		1		0	
55 - 59	0		31	88,421	50	79,442	20	85,759	19		9		18		14		6		2	
60 - 64	0		9		25	69,115	18		6		3		16		6		5		1	
65 - 69	0		2		5		7		2		0		5		3		3		1	
70 & Over	0		1		0		1		0		1		2		1		1		0	

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Economic Assumptions

Interest rate basis:

Applicable month	September 2014
Interest rate basis	3-Segment Rates

Interest rates:

	Reflecting Corridors	Not Reflecting Corridors
First segment rate	4.72%	1.15%
Second segment rate	6.11%	4.06%
Third segment rate	6.81%	5.15%
Effective interest rate	6.35%	4.50%

Annual rates of increase

Compensation	4.61%
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Representative rates

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

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

Future Social Security wage bases	3.50%
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Statutory limits on compensation and benefits	3.00%
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Demographic Assumptions

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

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

Mortality

Healthy For all participants: 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

Disabled Alternative disabled life mortality table after 1994, as defined under IRS Revenue Ruling 96-7

Termination Rates varying by age

Representative Termination Rates

Percentage leaving during the year	
Attained Age	Rates
20	15.0%
25	12.0%
30	10.0%
35	10.0%
40+	5.0%

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

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

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Retirement

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

Percentage retiring during the year	
Age	Rates
55-61	5.0%
62	15.0%
63-64	5.0%
65-69	15.0%
70	100.0%

Form of payment

Participants are assumed to elect the normal form of single life annuity.

Benefit Commencement Date

- Preretirement death benefit The later of the death of the active participant or the date the participant would have attained age 55 with 10 years of service or age 65
- Deferred vested benefit The later of age 55 with 10 years of service or termination of employment
- Disability benefit Age 55 with 10 years of service or age 65
- Retirement benefit Upon termination of employment

Benefit commencement for terminated vested participants

Terminated vested participants are assumed to commence benefits at age 55 with their applicable early retirement factor. Terminated vested participants over age 65 are assumed to commence benefits immediately and collect an actuarially increased benefit. For terminated vested participants over age 72 it is assumed that 0% of these participants will be found and collect their benefits

Missing participants

Terminated vested participants who are past age 72 are deemed to have forfeited their benefits. It is assumed that no claim for these benefits will be made.

Spouse age

Spouse three years younger than male participant and three years older than female participant

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Covered pay Compensation assumed to be paid in the current plan year beginning on the valuation date is the current annual rate of pay increased by the average variable compensation rate for the prior three years. The amount shown includes compensation for those employees whose age on the valuation date equals or exceeds the ultimate assumed retirement age.

Administrative expenses \$880,000 for 2015.

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

Methods

Valuation date First day of plan year

Funding target Present value of accrued benefits as required by regulations under IRC §430.

Target normal cost Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.

Actuarial value of assets for determining minimum required contributions Average of the fair market value of assets on the valuation date and two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings. The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year.)

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.

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

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Assumptions Rationale - Significant Economic Assumptions

Discount rate	The basis chosen by the plan sponsor is among the choices prescribed by law, all of which are based on observed market data over certain periods of time
Pay Load Assumption	The Aviall pay load assumption is based on a comparison of historical variable compensation.
Rates of Increase in:	
• Compensation	Assumed compensation increases are based on actual compensation increases received by the participant population over the period 2002 – 2013, adjusted for future expectations of pay increases. The analysis of historical pay increases was presented in the experience study delivered to Boeing on August 27, 2014.
• Increases in statutory limits (CPI)	Assumed CPI represents an estimate of future experience, taking historical data into consideration. CPI is assumed to be 3.0%. The 30-year average historical CPI is 2.7%.
Pension Plan Administrative Expenses	Administrative expenses are based on the prior year's actual administrative expenses and expected changes in PBGC premiums rounded to two significant figures.
Limit on Expected Return on Assets for AVA	Boeing analyzed their investments with their internal and external investment advisors and, based on their investment allocation, chose an assumption of 7% for long term expected return on assets for accounting purposes. Based on our high level view of their investment allocation, we believe their best estimate for the return on assets is reasonable. For purposes of this funding valuation, we applied the third segment rate as a limit and reflected an expected return on assets of 6.99%.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality	Assumptions used for funding purposes are among the choices prescribed by IRC §430(h).
Disabled Mortality	IRC §430(h)(3)(D) provides for the use of separate mortality tables with respect to certain individuals who are entitled to benefits on account of disability. Disabled mortality tables from IRS Revenue Ruling 96-7 have been selected. These separate mortality tables are permitted to be used with respect to disabled individuals in lieu of the generally applicable mortality tables provided pursuant to IRC §430(h)(3)(A) or the substitute mortality tables under IRC §430(h)(3)(C). Disabled mortality improvement is not assumed beyond the valuation date because the degree of improvement, if any, is unknown and the assumption is considered to be immaterial.
Termination	The assumed termination rates are based on actual termination experience by the plan over the period 2002 – 2013, with consideration for future conditions that might be expected to produce different results in the future. The analysis of historical termination rates was presented in the experience study delivered to Boeing on August 27, 2014.
Retirement	The assumed rates of retirement from active employment are based on actual retirement experience by the plan over the period 2002 – 2013, with consideration for future conditions that might be expected to produce different results in the future. The analysis of historical rates of retirement from active employment was presented in the experience study delivered to Boeing on August 27, 2014.
Deferred Vested Benefit Commencement Date	Deferred vested participants' assumed commencement age is a single age intended to capture the average age at commencement, based on plan experience. The analysis of historical ages of benefit commencement for deferred vested participants was presented in the experience study delivered to Boeing on August 27, 2014.
Missing Participants	The change in assumption was made to better reflect the plan sponsor's efforts in locating participants and the expected rates at which participants will claim benefits after deferral beyond normal retirement age.

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are “prescribed methods set by law”, as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods

Change in assumptions since prior valuation

- The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of September 2013 to September 2014 before application of interest rate corridors.
- The assumed mortality for healthy participants has been updated to include one additional year of projected mortality improvements in IRS-prescribed annuitant and non-annuitant static tables.
- The assumed mortality for disabled participants has been changed to IRS Revenue Ruling 96-7 disabled mortality tables from the IRS-prescribed annuitant and non-annuitant static tables for healthy participants.
- Terminated vested participants age 72 and older are assumed to be lost participants who will not be found or collect benefits. In the prior year valuation it was assumed that all terminated vested participants would be found and collect their benefits.
- The segment interest rates used to calculate the funding target and target normal cost were updated from reflecting the interest rate corridors applicable for a January 1, 2014 valuation to those applicable for a January 1, 2015 valuation.

Change in methods since prior valuation

None

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 <div style="border: 1px solid black; padding: 5px; display: inline-block;"> 2015 </div> This Form is Open to Public Inspection
For calendar <u>plan year 2015</u> or fiscal <u>plan year beginning</u> <u>01/01/2015</u> and ending <u>12/31/2015</u>		

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

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

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

Part I Basic Information			
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2015</u>			
2 Assets:			
a Market value	2a	144,207,891	
b Actuarial value	2b	141,332,099	
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	1,060	45,240,595	45,240,595
b For terminated vested participants	492	20,140,716	20,140,716
c For active participants	1,137	46,043,995	51,759,689
d Total	2,689	111,425,306	117,141,000
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		6.35%
6 Target normal cost	6		5,992,990

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	<div style="font-size: 2em; font-family: cursive;">JR</div> <div style="text-align: center;"> Joanie Roberts Signature of actuary </div>	<div style="font-size: 1.5em; font-family: cursive;">6/24/16</div> <div style="text-align: center;"> Date 1407295 Most recent enrollment number 214-530-4200 Telephone number (including area code) </div>
JOANIE ROBERTS Type or print name of actuary		
TOWERS WATSON DELAWARE INC. Firm name		
500 N. AKARD STREET, SUITE 4100 DALLAS TX 75201 Address of the firm		

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

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

Schedule SB (Form 5500) 2015
v. 150123

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)	13,495,577	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	13,495,577	0
10 Interest on line 9 using prior year's actual return of <u>10.22%</u>	1,379,248	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.56%</u>		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	14,874,825	0

Part III Funding Percentages

14 Funding target attainment percentage	14	107.95%
15 Adjusted funding target attainment percentage	15	120.65%
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	124.53%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

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

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

21 Discount rate:				
a Segment rates:	1st segment: 4.72%	2nd segment: 6.11%	3rd segment: 6.81%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)		31a	5,992,990
b Excess assets, if applicable, but not greater than line 31a		31b	5,992,990
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	0
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)		34	0
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)		36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)		37	0
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)		39	0
40 Unpaid minimum required contributions for all years		40	0

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

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

Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Plan Sponsor The Boeing Company

Plan Aviall, Inc. Retirement Plan

Effective Date and Most Recent Amendment The plan was originally effective January 1, 1994. The last amendment reflected herein is Amendment Number 26.

Plan Year The twelve-month period ending December 31.

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

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

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

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

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

Definitions

Continuous Service	Total elapsed time from date of hire to date of termination.
Vesting service	<p>One year of vesting service is credited for each plan year with 1,000 or more hours of service.</p> <p>Due to the provisions of Section 9.2 of the plan, all plan participants as of September 20, 2006, became 100% vested as a result of the Change of Control.</p>
Basic Compensation	<p>A participant's basic compensation for a particular year (through December 31, 2015) is the portion of total wages subject to withholding for purposes of federal income taxes, including regular pay, overtime pay, vacation pay, cost-of-living allowances, bonuses, commissions, and certain severance pay. Compensation is limited to \$200,000 (indexed beginning in 2002) as required and does not include the value of restricted stock.</p> <p>Due to the provisions of Section 9.2 of the plan, all plan participants as of September 20, 2006, shall include total cash severance payments in Basic Compensation.</p>
Normal Retirement Benefit	<p>The Aviall, Inc. Retirement Plan will be frozen to future benefit accruals effective December 31, 2015.</p> <p><u>Normal Retirement Date:</u> The first of the month coincident with or next following attainment of age 65.</p> <p><u>Benefit Amount:</u> The plan has a career average formula with the annual benefit accrual determined as follows:</p> <p style="padding-left: 40px;">1.45% times Basic Compensation up to \$15,600</p> <p style="padding-left: 80px;">plus</p> <p style="padding-left: 40px;">1.85% times Basic Compensation in excess of \$15,600.</p> <p><u>Minimum Benefit:</u> The minimum annual benefit is \$2,250.</p> <p><u>Additional Benefits:</u> Amendment Thirteen to the plan specifies a schedule of additional benefits payable to certain participants.</p> <p><u>Normal Form of Retirement Income:</u> Life only annuity payable monthly.</p>

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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Late Retirement

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

Accrued Benefit

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

Early Retirement Benefit

Eligibility: Age 55 with 10 years of continuous service.

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

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

Immediate Disability Benefit

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

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

Deferred Disability Benefit

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

Benefit Commencement: Normal retirement date.

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

Death of Disabled Participant Prior to Normal Retirement Date:
Prior to normal retirement date, disabled participants are entitled to a death benefit identical to the one for active

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

employees. This benefit is determined as if the disabled participant had remained in service until the date of death and the monthly rate of basic compensation as of the date of disability continued unchanged.

Vested Benefits Upon Termination of Service

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

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

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

Age	Factor for Participants Who Terminate Prior to Early Retirement Eligibility	Factor for Participants Who Terminate After Early Retirement Eligibility
65	100.0%	
64	93.3%	
63	86.7%	
62	80.0%	
61	73.3%	
60	66.7%	
59	63.3%	
58	60.0%	
57	56.7%	
56	53.3%	
55	50.0%	

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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Death of Terminated Vested Participant Prior to

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

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

Death Benefits for Participants in Active Service

Eligibility: Married with 5 years of vesting service.

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

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

Optional Forms of Retirement Income in Lieu of Normal Forms

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

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

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

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

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

and for early commencement of termination benefits based on the participant's age and service as of December 7, 1993.

Plan Participants' Contribution

They are not required or permitted.

Special Provisions for Top-Heavy Plans

Not applicable; the plan is not top-heavy.

Voluntary Lump Sum Window

Certain participants who terminated employment before July 1, 2014, are entitled to a vested benefit, and have not commenced benefits by December 1, 2014, are eligible to elect to receive their benefits in the form of a lump sum (or immediate annuity) as of December 1, 2014. The lump sum window does not apply to all terminated vested participants. Participants that elected the lump sum and were cashed out during December 2014 are no longer participants in the plan.

Changes in Plan Provisions since Last Actuarial Valuation

A voluntary lump sum window permits the one-time lump sum cash-out (or immediate annuity) of vested terminated benefits as of December 1, 2014.

The 401(a)(17) limit increased from \$260,000 in 2014 to \$265,000 in 2015.

Schedule SB, Line 24 – Change in Actuarial Assumptions

Plan Name: Aviall, Inc. Retirement Plan

EIN/PN: 65-0433083/001

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

The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of September 2013 to September 2014 before application of HATFA corridors.

The assumed mortality for healthy participants has been updated to include one additional year of projected mortality improvements in IRS-prescribed annuitant and non-annuitant static tables.

The assumed mortality for disabled participants has been changed to IRS Revenue Ruling 96-7 disabled mortality tables from the IRS-prescribed annuitant and non-annuitant static tables for healthy participants.

Terminated vested participants age 72 and older are assumed to be lost participants who will not be found or collect benefits. In the prior year valuation, it was assumed that all terminated vested participants would be found and collect their benefits.

The segment interest rates used to calculate the funding target and target normal cost were updated from reflecting the interest rate corridors applicable for a January 1, 2014 valuation to those applicable for a January 1, 2015 valuation.