UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012
or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission file number 1-442

THE BOEING COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**91-0425694**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
100 N. Riverside Plaza, Chicago, IL	**60606-1596**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (312) 544-2000
Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $5 par value	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2012, there were 751,347,709 common shares outstanding held by nonaffiliates of the registrant, and the aggregate market value of the common shares (based upon the closing price of these shares on the New York Stock Exchange) was approximately $55.8 billion.

The number of shares of the registrant's common stock outstanding as of February 1, 2013 was 756,165,531.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference to the registrant's definitive proxy statement, to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year ended December 31, 2012.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Boeing Company
Chicago, Illinois

We have audited the accompanying consolidated statements of financial position of The Boeing Company and subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a) 2. The financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Boeing Company and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, during the year ended December 31, 2012, the Company retrospectively adopted new accounting guidance related to the presentation of comprehensive income.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/S/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 11, 2013

Cash Flows

Contributions Required pension contributions under the Employee Retirement Income Security Act (ERISA), as well as rules governing funding of our non-U.S. pension plans, are expected to be minimal in 2013. We expect to make discretionary contributions to our pension plans of approximately $1,500 in 2013. We expect to contribute approximately $13 to our OPB plans in 2013.

Estimated Future Benefit Payments The table below reflects the total pension benefits expected to be paid from the plans or from our assets, including both our share of the benefit cost and the participants' share of the cost, which is funded by participants' contributions. OPB payments reflect our portion only.

Year(s)	2013	2014	2015	2016	2017	2018–2022
Pensions	$2,968	$3,132	$3,309	$3,488	$3,621	$20,421
Other postretirement benefits:						
Gross benefits paid	496	519	543	572	599	3,386
Medicare Part D and other subsidies	(46)	(47)	(49)	(49)	(51)	(258)
Net other postretirement benefits	$450	$472	$494	$523	$548	$3,128

Termination Provisions

Certain of the pension plans provide that, in the event there is a change in control of the Company which is not approved by the Board of Directors and the plans are terminated within five years thereafter, the assets in the plan first will be used to provide the level of retirement benefits required by ERISA, and then any surplus will be used to fund a trust to continue present and future payments under the postretirement medical and life insurance benefits in our group insurance benefit programs.

We have an agreement with the U.S. government with respect to certain pension plans. Under the agreement, should we terminate any of the plans under conditions in which the plan's assets exceed that plan's obligations, the U.S. government will be entitled to a fair allocation of any of the plan's assets based on plan contributions that were reimbursed under U.S. government contracts.

Defined Contribution Plans

We provide certain defined contribution plans to all eligible employees. The principal plans are the Company-sponsored 401(k) plans. The expense for these defined contribution plans was $708, $658 and $614 in 2012, 2011 and 2010, respectively.

Note 16 – Share-Based Compensation and Other Compensation Arrangements

Share-Based Compensation

Our 2003 Incentive Stock Plan, as amended and restated effective February 21, 2011, permits awards of incentive stock options, non-qualified stock options, restricted stock, stock units, performance shares, performance units and other incentives to our employees, officers, consultants and independent contractors. The aggregate number of shares of our stock available for issuance under the amended plan will not exceed 80,000,000 and no more than an aggregate of 16,000,000 shares are available for issuance as restricted stock awards.

Shares issued as a result of stock option exercises or conversion of stock unit awards will be funded out of treasury shares, except to the extent there are insufficient treasury shares, in which case new shares will be issued. We believe we currently have adequate treasury shares to meet any requirements to issue shares during 2013.

Share-based plans expense is primarily included in General and administrative expense since it is incentive compensation issued primarily to our executives. The share-based plans expense and related income tax benefit were as follows:

Years ended December 31,	**2012**	2011	2010
Stock options	**$85**	$88	$96
Restricted stock units and other awards	**108**	98	83
ShareValue Trust			36
Share-based plans expense	**$193**	$186	$215
Income tax benefit	**$75**	$73	$83

Stock Options

In February 2012, 2011 and 2010, we granted to our executives 6,114,922, 5,426,910 and 5,932,806 options, respectively. The options have been granted with an exercise price equal to the fair market value of our stock on the date of grant and expire ten years after the date of grant. The stock options granted after 2005 vest over a period of three years, with 34% vesting after the first year, 33% vesting after the second year and the remaining 33% vesting after the third year. If an executive terminates employment for any reason, the non-vested portion of the stock option will not vest and all rights to the non-vested portion will terminate completely.

Stock option activity for the year ended December 31, 2012 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Number of shares under option:				
Outstanding at beginning of year	31,431,395	$68.52		
Granted	6,257,436	75.35		
Exercised	(2,801,568)	43.00		
Forfeited	(1,097,393)	71.49		
Expired	(125,852)	70.74		
Outstanding at end of year	33,664,018	$71.81	6.28	$232
Exercisable at end of year	23,121,336	$71.55	5.18	$200

The total intrinsic value of options exercised was $89, $67 and $59 during the years ended December 31, 2012, 2011 and 2010, respectively. Cash received from options exercised for the years ended December 31, 2012, 2011 and 2010 was $120, $114 and $87 with a related tax benefit of $29, $23 and $20, respectively, derived from the compensation deductions resulting from these option exercises. At December 31, 2012, there was $94 of total unrecognized compensation cost related to our stock option plan which is expected to be recognized over a weighted average period of 1.8 years. The grant date fair value of stock options vested during the years ended December 31, 2012, 2011 and 2010 was $83, $92 and $103, respectively.

The fair values of options were estimated using the Black-Scholes option-pricing model with the following assumptions:

Grant Year	Grant Date	Expected Life	Expected Volatility	Expected Dividend Yield	Risk Free Interest Rate	Weighted-Average Grant Date Fair Value Per Share
2012	2/27/2012	6 years	29.9%	2.4%	1.1%	$16.89
2011	2/22/2011	6 years	29.8%	2.3%	2.5%	$17.96
2010	2/22/2010	6 years	31.5%	3.0%	2.9%	$15.70

The expected volatility of the stock options is based on a combination of our historical stock volatility and the volatility levels implied on the grant date by actively traded option contracts on our common stock. We determined the expected term of the stock option grants to be six years, calculated using the "simplified" method in accordance with the SEC Staff Accounting Bulletin 110. We use the "simplified" method since we changed the vesting terms, tax treatment and the recipients of our stock options beginning in 2006 such that we believe our historical data no longer provides a reasonable basis upon which to estimate expected term and we do not have enough option exercise data from our grants issued subsequent to 2006 to support our own estimate.

Restricted Stock Units

In February 2012, 2011 and 2010, we granted to our executives 1,369,810, 1,364,440 and 1,459,256 restricted stock units (RSUs) as part of our long-term incentive program with grant date fair values of $75.40, $71.44 and $63.83 per share, respectively. The RSUs granted under this program will vest and settle in common stock (on a one-for-one basis) on the third anniversary of the grant date. If an executive terminates employment because of retirement, involuntary layoff, disability, or death, the employee (or beneficiary) will immediately vest on a proration of stock units based on active employment during the three-year service period. In all other cases, the RSUs will not vest and all rights to the stock units will terminate completely.

In addition to RSUs awarded under our long-term incentive program, we grant RSUs to certain executives and employees to encourage retention or to reward various achievements. These RSUs are labeled other restricted stock units in the table below. The fair values of all RSUs are estimated using the average stock price on the date of grant. Stock units settle in common stock on a one-for-one basis and are not contingent upon stock price.

Stock unit activity for the year ended December 31, 2012 is as follows:

	Incentive Program Restricted Stock Units	Other Restricted Stock Units
Number of units:		
Outstanding at beginning of year	4,687,234	1,494,168
Granted	1,402,642	357,006
Dividends	100,269	31,576
Forfeited	(230,338)	(84,578)
Distributed	(2,062,358)	(546,983)
Outstanding at end of year	3,897,449	1,251,189
Unrecognized compensation cost	$101	$29
Weighted average remaining contractual life *(years)*	1.8	2.7

Other Compensation Arrangements

Performance Awards

Performance Awards are cash units that pay out based on the achievement of long-term financial goals at the end of a three-year period. Each unit has an initial value of $100 dollars per unit. The amount payable at the end of the three-year performance period may be anywhere from $0 to $200 dollars per unit, depending on the Company's performance against plan for a three-year period. The Compensation Committee has the discretion to pay these awards in cash, stock, or a combination of both after the three-year performance period. Compensation expense, based on the estimated performance payout, is recognized ratably over the performance period.

During 2012, 2011 and 2010, we granted Performance Awards to our executives with the payout based on the achievement of financial goals for each three-year period following the grant date. The minimum payout amount is $0 and the maximum amount we could be required to pay out for the 2012, 2011 and 2010 Performance Awards is $270, $253 and $241, respectively. The 2010 grant is expected to be paid out in cash in March 2013.

Deferred Compensation

The Company has a deferred compensation plan which permits executives to defer receipt of a portion of their salary, bonus, and certain other incentive awards. Participants can diversify deferred compensation among 23 investment funds including a Boeing stock unit account.

Total expense related to deferred compensation was $75, $59 and $112 in 2012, 2011 and 2010, respectively. As of December 31, 2012 and 2011, the deferred compensation liability which is being marked to market was $1,104 and $1,093.

ShareValue Trust

The ShareValue Trust, established July 1, 1996, was a 14-year irrevocable trust that held shares of our common stock, received dividends, and distributed to employees the appreciation in value above a 3% per annum threshold rate of return at the end of each period. The trust was terminated effective July 1, 2010 with the 29,948,920 undistributed shares returned to the Company.

Note 17 – Shareholders' Equity

On October 29, 2007, the Board approved the repurchase of up to $7,000 of common stock (the Program). Unless terminated earlier by a Board resolution, the Program will expire when we have used all authorized funds for repurchase. At December 31, 2012, $3,610 in shares may still be purchased under the Program.

As of December 31, 2012 and 2011, there were 1,200,000,000 shares of common stock and 20,000,000 shares of preferred stock authorized. No preferred stock has been issued.

Executive Compensation

Compensation Discussion and Analysis

Executive Summary

2012 Performance Highlights. Our executives' realized compensation is tied to financial and operating performance and is intended to drive sustained, long-term increases in shareholder value. In 2012, Boeing delivered strong core operating performance across each of its businesses, resulting in:

- total revenues of $81.7 billion, compared with $68.7 billion in 2011;
- diluted earnings per share from continuing operations of $5.11, compared with $5.33 in 2011;
- operating cash flow of $7.5 billion, compared with $4.0 billion in 2011; and
- total backlog at year-end of $390.3 billion, compared with $355.5 billion at year-end 2011.

In addition, in December 2012 the Board increased the quarterly cash dividend from $0.44 to $0.485 per share and announced the resumption of Boeing's share repurchase program, with repurchases expected to total between $1.5 and $2.0 billion in 2013. Other 2012 performance highlights include:

Achievements
Industry-Leading Deliveries. Delivered industry-leading 601 airplanes to commercial customers; 144 military airplanes to government customers; and 10 satellites.
New South Carolina Factory. Began 787 deliveries from new final assembly facility in North Charleston, SC.
Strong Product and Services Demand. Earned 1,203 commercial airplane orders, including record–breaking 1,124 737 orders, 914 of which were for the new 737 MAX. Recorded C-17 win in India, finalized Apache and AH-6i selections in Saudi Arabia, and earned a C-17 aircraft sustainment contract from the U.S. Air Force.
New NASA Development Contracts. Awarded NASA contracts for Space Launch System and third phase of the Commercial Crew effort.
Investing in the Future. Completed seven first-of-model flights, including Phantom Eye, India P-8I, and the Insitu RQ-21A Integrator. Continued development of 787 family and 737 MAX.
Strong Shareholder Returns. Yielded annualized three-year return of 14%, including 5% in 2012.

Boeing's Executive Compensation Program. The principal elements of our executive compensation program are: base salary; an annual incentive award opportunity; and long-term incentive compensation, consisting of performance awards, restricted stock units (RSUs) and stock options. Most of our executives' compensation, including all elements of our annual and long-term incentive programs, is variable and tied to individual, business unit and/or Company performance during the relevant performance period. Individual performance is measured against an individual's achievements with respect to business goals and objectives and an assessment relative to our six leadership attributes. Other key features of our executive compensation program include:

What We Do	What We Don't Do
• Forfeiture of all unvested stock options upon termination of employment for any reason	• No guaranteed bonuses
• Significant stock ownership requirements, including 6x base salary for our CEO, ensuring that senior executives are substantially invested in the Company and its long-term success	• No accelerated vesting of long-term incentive awards, other than pro-rated vesting of performance awards and RSUs based on active employment during the vesting period
• Clawback policy covering all incentive compensation earned by our executive officers	• No accelerated vesting of equity awards in connection with a change-in-control
• Prohibit hedging of Boeing securities by executives and directors	• No tax gross-ups, other than for certain relocation expenses
• Independent Compensation Consultant	• No repricing or buybacks of stock options

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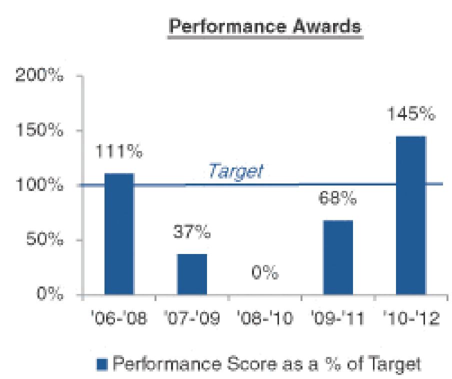
Selection of Performance Metrics. When evaluating potential performance metrics, the Board's Compensation Committee considers Boeing's business, including the cyclical nature of our business, the significant costs and risks associated with product development activity, and our substantial long-term investments in property, plant and equipment. The Committee also considers a potential metric's historical correlation to long-term shareholder value; how the potential metric incorporates earnings, cash generation and efficient use of net assets; and the extent to which the metric is clear and straightforward to employees, shareholders and other stakeholders. The Compensation Committee believes that economic profit (net operating profit after tax, less a capital charge) remains the most effective performance metric for each of our incentive plans. Any reference to economic profit in this proxy statement shall mean economic profit if and as adjusted by the Compensation Committee to reflect the core operating performance of the Company. For additional information on economic profit, see "Program Design and Principal Elements of Executive Compensation—Performance Metric for Incentive Plans" on page 24.

The following table sets forth our economic profit goals and actual performance as measured against those goals for the 2012 annual incentive plan and 2010-2012 performance awards under the long-term incentive program, as well as the key drivers of our performance over these periods.

Compensation Element	Goal	Actual Performance ($)	Actual Performance %	Key Drivers of Actual Performance
2012 Annual Incentive Plan	$1.321B	$ 1.955B	160%	• Successful production rate increases across multiple commercial aircraft programs • Key Boeing Defense, Space & Security (BDS) international program wins • Increased cost savings driven by market-based affordability efforts at BDS and productivity initiatives at Boeing Commercial Airplanes (BCA) • Disciplined asset and cash management • Mitigation of risks related to BDS market conditions, BCA development program risks and production rate increases
2010-2012 Performance Awards	$6.143B	$ 6.834B	145%	• Increased BCA orders and deliveries driven by the 737 and 777 programs • Increased cost savings driven by market-based affordability efforts at BDS and productivity initiatives at BCA • Disciplined asset and cash management • Enterprise-wide mitigation of development, production and market risks

Historical Performance. The following graphs show our historical performance against our economic profit goals for the annual incentive plan and the performance award component of our long-term incentive program.



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2012 CEO Compensation. In 2012, our Chief Executive Officer, W. James McNerney, Jr., received a base salary of $1.93 million. Mr. McNerney's base salary has not increased since March 2008. In 2012, Mr. McNerney's target annual incentive payout remained at 170% of base salary with a maximum potential payout of 230% of base salary. Mr. McNerney received an annual incentive payout of $4,439,000 for 2012. In addition, Mr. McNerney received a 2010-2012 performance award of $6,380,580, or 145% of the target set at the beginning of the performance period in 2010. In 2012, Mr. McNerney's aggregate target award under our long-term incentive program was 650.0% of base salary. Mr. McNerney's aggregate long-term incentive target awards were 570.0% of base salary in 2010 and 590.7% in 2011.

2012 Say-on-Pay Advisory Vote Outcome

In 2012, our executive compensation program received 93.7% approval from our shareholders. We believe that this result demonstrates our shareholders' strong endorsement of the Compensation Committee's executive compensation decisions and policies. Our shareholder vote was one of many factors contributing to the Compensation Committee's decision to preserve our current compensation policies. The Compensation Committee will continue to consider results from future shareholder advisory votes, which will be held annually until the next shareholder advisory vote on the frequency of future votes on executive compensation, in its ongoing evaluation of our executive compensation programs and practices.

Executive Compensation Program Objectives

Program Objective	Achievement of Objective
Link compensation to achievement of business objectives	• A majority of executive pay is not guaranteed, and is tied to individual and business performance. • Economic profit, the metric for the annual incentive plan and performance awards under the long-term incentive program, is tied to our annual and long-term strategic, financial and operational objectives and is approved by the Compensation Committee.
Attract and retain world-class talent	• Compensation elements and award opportunities are designed to enable us to compete effectively for talent. • High-performers are rewarded with above-target pay when Company, business unit and/or individual goals are exceeded.
Shareholder alignment	• Approximately 80-90% of named executive officer target compensation is linked to share price appreciation and achievement of economic profit targets. • Senior executives are required to meet and maintain significant stock ownership requirements throughout the term of their employment with the Company. • We do not accelerate vesting of equity awards in connection with a change-in-control.
Risk oversight	• Our annual incentive awards and performance awards are capped. • Each of our named executive officers is subject to significant stock ownership requirements, as well as clawback provisions and prohibitions against hedging and other speculative activity. • Annual review of our executive compensation plans and structures is performed by our Compensation Committee. • Risk considerations relating to our compensation programs are discussed in additional detail on page 35.

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Program Design and Principal Elements of Executive Compensation

2012 Named Executive Officers and Annualized Target Compensation. We design our executive compensation program to attract and retain the talent needed to achieve our business and financial objectives, reward executives who achieve our objectives, and align executives' interests with the long-term interests of our shareholders. The Board's Compensation Committee reviews our executive compensation program on at least an annual basis and, with the assistance of its independent compensation consultant, compares our executive compensation practices to those of our peers. Individual executive pay is generally targeted at the median of our peer group, but can vary based on the requirements of the position (competencies and skills), the executive's experience and performance, and the organizational structure of the businesses (internal alignment and pay relationships).

The table below sets forth our 2012 named executive officers (NEOs) with their target compensation elements and target total compensation based on their base salary as of March 1, 2012 (June 26, 2012, in the case of Mr. Conner). In each case, "target" amounts are those amounts that would have been earned by the executive assuming that the Company and the executive achieved target performance set by the Compensation Committee. The 2012 Target Long-Term Incentive Compensation column reflects target values of all awards under our long-term incentive program, which consists of performance awards, stock options and RSUs. We believe the target compensation levels described below provide for competitive pay based on the market value of the executive's position, and serve to attract and retain the executive talent needed to run the business.

(Dollars in thousands) **Name**	**2012 Annualized Base Salary (a)**	**2012 Target Annual Incentive as a % of Base Salary (b)**	**2012 Target Annual Incentive Compensation (c)=(a) x (b)**	**2012 Target Long-Term Incentive as a % of Base Salary (d)**	**2012 Target Long-Term Incentive Compensation (e)=(a) x (d)**	**2012 Total Annualized Target Direct Compensation (f)=(a)+(c)+(e)**
W. James McNerney, Jr. *Chairman, President and CEO*	$ 1,930	170%	$ 3,281	650%	$ 12,545	$ 17,756
Gregory D. Smith *Executive V.P. and CFO*	625	85%	531	325%	2,031	3,187
Raymond L. Conner *Executive V.P., President and CEO, Commercial Airplanes*	750	90%	675	350%	2,625	4,050
J. Michael Luttig *Executive V.P. and General Counsel*	803	95%	763	350%	2,811	4,377
Dennis A. Muilenburg *Executive V.P., President and CEO, Defense, Space & Security*	900	100%	900	400%	3,600	5,400
James F. Albaugh *Former Executive V.P., President and CEO, Commercial Airplanes*	1,035	110%	1,139	425%	4,399	6,573
James A. Bell *Former Executive V.P., Corporate President and CFO*	896	100%	896	425%	3,808	5,600

***Performance Metric for Incentive Plans*.** We use economic profit as the performance metric throughout our incentive compensation programs for employees at all levels. Economic profit measures our ability to generate earnings after covering the capital expenses associated with our net assets. We believe that economic profit effectively integrates the key drivers of our profitability and long-term growth, including earnings and cash generation, ongoing productivity, and efficient use of net assets, while also taking into account Boeing's cost of capital. Another feature of economic profit as a performance metric for Boeing has been its historical correlation to shareholder returns. In addition, economic profit is aligned with our enterprise financial performance targets and is the sole financial metric for our broad-based, annual non-executive employee incentive plan. This alignment between executives and non-executives encourages all of our employees to work toward the same financial goals. For these reasons, the Compensation Committee has determined that economic profit is the most appropriate metric for both our annual and long-term incentive programs. Economic profit is calculated as follows:

- Net operating profit after tax (operating earnings, adjusted to exclude share-based plans expense and Boeing Capital Corporation interest expense, and reduced for taxes using an effective tax rate), less
- Capital charge (average net assets multiplied by a targeted cost of capital, where average net assets excludes cash, marketable securities, debt and certain pension and other post-retirement benefit obligations).

In order to better reflect the core operating performance of the Company and its businesses, the Compensation Committee may adjust economic profit to account for certain items not contemplated at the outset of a performance period such as (1) significant external events outside management's control, (2) management decisions intended to drive long-term value but with short-term financial impacts, such as major acquisitions or dispositions, and (3) significant changes to market conditions. Any references to economic profit in this proxy statement shall mean economic profit if and as adjusted to account for such items. See "Annual Incentive Plan—2012 Annual Incentive Assessment" beginning on page 27 and "Long Term Incentive Program—2010-2012 Performance Award Assessment" on page 28.

We also measure our Adjusted Operating Cash Flow, which is used to determine the deductibility of annual and long-term incentive awards for our NEOs (except for the CFO) under Internal Revenue Code Section 162(m). Adjusted Operating Cash Flow means the net cash provided by operating activities of the Company as reported in the Company's consolidated statement of cash flows included in its Annual Report on Form 10-K, adjusted to eliminate the effect of net customer financing cash flows, as reported in the Company's consolidated statement of cash flows included in its Annual Report on Form 10-K. Incentive deductibility is discussed in more detail on page 34.

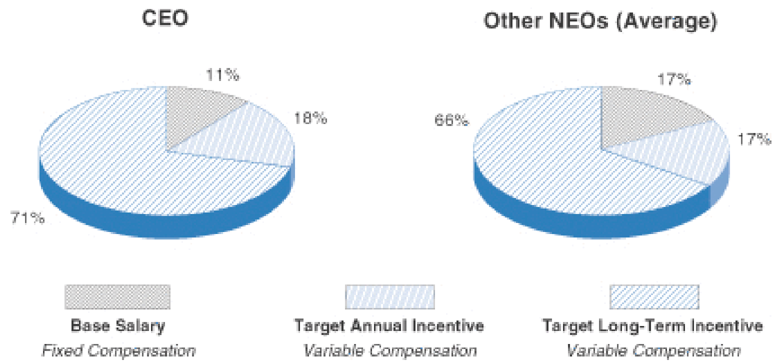
Determination of Performance Goals (Economic Profit) and Awards . Economic profit goals are based on the Company's long-range business plan. These goals take into account expectations regarding the probability of achieving performance goals, consider applicable enterprise-wide and business unit risks, and incorporate a degree of "stretch" to push our executives to achieve a higher level of performance. Specific probabilities of achievement are not assigned to the economic profit goals. Goals are set at the beginning of the performance period (one year for annual incentive awards and three years for long-term performance awards). This process is summarized below.

Beginning of Performance Period	During Performance Period	End of Performance Period
• Economic profit goals and corresponding award opportunities are developed by management and approved by the Compensation Committee based on the Company's long-range business plan	• Economic profit performance is monitored relative to goals • Economic profit goals cannot be changed	• Management presents actual economic profit results relative to goals • Compensation Committee evaluates results and approves final awards

As part of its evaluation of results, the Compensation Committee may adjust economic profit to better reflect the core operating performance of the Company and its businesses. Adjustments to the annual awards considered in a given year may or may not be applied to the long-term performance awards.

Mix of Pay. Approximately 80% to 90% of target NEO compensation is variable. The final value of the compensation received is tied to internal financial, strategic, operational, stock price and/or individual performance. If performance is at or above target levels, the executive's compensation will be at or above target levels. Conversely, if performance is below target levels, the executive's compensation will be below target levels. When setting performance goals for annual incentive and long-term performance awards, the Committee seeks to ensure that the target payout is achievable if the Company executes according to its long-range business plan during the applicable period. It is expected that maximum performance and less-than-threshold (i.e., zero payout) performance would each be infrequent.

The Compensation Committee determines the portion of each executive's compensation that will be performance-based, with the variable portion increasing as the executive's responsibilities and expected contributions to the Company increase. Variable compensation consists of the target annual incentive and the target value of performance awards, stock options and restricted stock units granted. The percentages below are calculated by dividing each compensation element by target total compensation, which consists of base salary plus variable compensation.



Base Salary. Base salaries are designed to provide a fixed base of cash compensation for each executive. Salaries may be adjusted based on individual factors such as competencies, skills, experience, performance, and the assumption of new responsibilities or promotions. There are no specific weightings assigned to these individual factors. Annual salary adjustments are generally effective in March. When setting base salaries, the Compensation Committee also considers the impact of base salary on other compensation elements, such as the size of target incentive awards.

The Compensation Committee has not increased Mr. McNerney's base salary since March 2008. In 2012, the Compensation Committee increased Mr. Muilenburg's base salary by 13% to move his salary closer to a market-competitive level and increased the base salaries of Messrs. Smith and Conner by 84% and 55%, respectively, to reflect the significant increase in their responsibilities due to promotion and the assumption of key leadership positions in the Company. The Compensation Committee increased the base salaries of the other NEOs by 0% to 4%.

Annual Incentive Plan. The annual incentive plan is designed to reward executives based on the achievement of Company and individual goals for the performance year. Executives are assigned a target incentive award based on their pay grade. Actual incentive awards are determined by Company, business unit (if applicable) and individual performance scores and paid 100% in cash. Our CEO's employment agreement provides for a maximum award of 230% of his base salary. The mechanics of the annual incentive plan are as follows:

Target Annual Incentive Award	X	Company/Business Unit Performance Score	X	Individual Performance Score	=	Actual Annual Incentive Award
• % of base salary (based on pay grade) • CEO annual incentive target of 170% of salary • Other NEO annual incentive targets range from 85% to 110% of salary		• Based on economic profit • Score can range from 0.0 to 2.0 (target of 1.0) • For executives in the two principal business units, including Messrs. Albaugh, Conner and Muilenburg, Company results are weighted 75% and business unit results are weighted 25%		• Measures business performance and leadership attributes • Scores can range from 0.0 to 2.0 (target of 1.0) • Scores recommended by management (CEO score determined by the Compensation and GON Committees)		• Maximum award of 200% of target (for CEO, subject to cap of 230% of salary)

Individual performance scores for elected officers other than the CEO are initially assigned by the CEO, subject to review and approval by the Compensation Committee. The CEO's individual performance score is determined by the Compensation and GON Committees and reviewed with the Board. Individual performance scores generally fall between 0.80 and 1.20 and generally average to 1.0 for each executive grade. Two components make up the individual performance score:

- Business Performance Score (weighted 70%)—A qualitative and quantitative assessment of an executive's individual performance goals and contributions, value of contributions relative to peers and overall organization performance throughout the performance period; and
- Leadership Attribute Score (weighted 30%)—A qualitative and quantitative assessment of an executive's performance with respect to six leadership attributes applicable to all Company executives and managers.

2012 Annual Incentive Assessment. Economic profit for 2012 was $1.955 billion versus a target of $1.321 billion. This above target performance resulted in a Company performance score of 1.6. The BCA performance score was 1.1, yielding a combined score of 1.475 for BCA executives. The BDS performance score was 1.6, yielding a combined score of 1.6 for BDS executives.

The above-target performance scores were primarily due to the following achievements:

- Successful production rate increases across multiple commercial aircraft programs;
- Key BDS international program wins;
- Increased cost savings driven by market-based affordability efforts at BDS and productivity initiatives at BCA;
- Disciplined asset and cash management across the enterprise; and
- Mitigation of risks related to BDS market conditions, BCA development program risks and production rate increases.

In order to better reflect the Company's core operating performance, the Compensation Committee, consistent with its authority and past practices, decreased economic profit for the 2012 annual incentive plan to exclude the financial impact of lower tax rates and a favorable litigation settlement.

In 2012, NEO individual performance scores ranged from 0.96 to 1.1, averaging 1.02. Messrs. Luttig, McNerney and Muilenburg received scores above 1.0. Mr. McNerney's actual annual incentive award was lower than the annual incentive plan would otherwise require based on his performance score, as his employment agreement limits his annual incentive award to 230% of base salary. The above-target performance scores were primarily the result of the Company's significant financial, operational and business achievements, as well as the executives' progress on key initiatives, leadership strength, and overall contributions to the Company during 2012. In addition to these factors, the individual performance scores also reflect the following:

- Mr. McNerney's effective leadership and successful implementation of Boeing's business strategies, as evidenced by the company's strong competitive position, revenue growth and core financial performance, key program wins, and backlog expansion;
- Mr. Smith's implementation of disciplined cost reduction and cash management strategies, and his mitigation of financial risks facing the Company, as evidenced by Boeing's improved cash flow, increased cash balance and healthy operating margin;
- Mr. Conner's achievements as leader of the Boeing Commercial Airplanes business, including those described on page 21 in the table of 2012 performance highlights;
- Mr. Luttig's strong leadership, favorable resolution of key litigation matters, and mitigation of a wide range of legal and regulatory risks throughout the enterprise;
- Mr. Muilenburg's achievements as leader of the Boeing Defense, Space & Security business, including those described on page 21 in the table of 2012 performance highlights;
- Mr. Albaugh's performance at targeted levels until his retirement; and
- Mr. Bell's performance at targeted levels until his retirement.

Based on 2012 Company, business unit and individual performance results (as detailed above), the Compensation Committee believes the annual incentive compensation awarded to the NEOs for 2012 was appropriate and achieved the executive compensation program's objectives.

Long-Term Incentive Program. The long-term incentive program is designed to drive achievement of long-term operational and financial goals and increased shareholder value, as well as to encourage retention of key talent over a sustained time period. Payouts are determined by stock price performance and achievement of economic profit goals. Long-term incentive awards are made in the following mix (based on the target expected value at grant):

- Performance awards: 40%
- Stock options: 30%
- Restricted stock units: 30%

Long-Term Incentive—Performance Awards. Performance awards reward executives to the extent that the Company meets or exceeds target economic profit thresholds for the relevant three-year performance period. Three-year economic profit targets are set by the Compensation Committee at the beginning of each performance period based on the Company's Board-reviewed long-range business plan. Individual target awards are based on a multiple of base salary and final awards may range from 0% to 200% of an individual's target. Performance awards are designed to pay 100% of target at the end of the three-year performance cycle if planned economic profit is achieved. Payment, if earned, is made in cash, stock or a combination of both, at the Compensation Committee's discretion. It is expected that maximum performance and less-than-threshold (*i.e.*, zero payout) performance would each be infrequent.

Long-Term Incentive—Stock Options. Stock options align executives' interests with those of shareholders since stock options have realizable value only if the price of Boeing stock increases after the options are granted. Stock option grant levels are set annually based on the target expected value. The size of future awards is evaluated and determined annually based on a consideration of competitive compensation practices and changes in our stock price year over year. All options granted have an exercise price equal to the fair market value (average of high and low price) of Boeing stock on the grant date and vest ratably over three years. We do not reprice or buyback options.

Long-Term Incentive—Restricted Stock Units. RSUs reward continued and sustained performance. RSUs provide an immediate sense of ownership since the value of these units is equal to Boeing's stock price. As such, the ultimate value realized upon vesting (three years after grant) will be based on the stock price at that point in time. The use of RSUs is consistent with our objective of facilitating significant stock ownership through a mix of equity and cash-settled awards. In addition, RSUs are less dilutive to shareholders than stock options because fewer shares are required to deliver an equivalent value.

2010-2012 Performance Award Assessment. The Compensation Committee determined that our 2010-2012 cumulative economic profit was $6.834 billion versus a target of $6.143 billion. This resulted in an award payout factor for the three-year period of $145 per unit, which is 45% above the target amount of $100 per unit. The performance awards were paid to executives in cash. The above-target performance was primarily the result of the following achievements:

- Increased BCA orders and deliveries driven by the 737 and 777 programs;
- Increased cost savings driven by market-based affordability efforts at BDS and productivity initiatives at BCA;
- Disciplined asset and cash management across the enterprise; and
- Enterprise-wide mitigation of development, production and market risks.

For the 2010-2012 performance period, the Compensation Committee increased economic profit to exclude, or partially exclude, the financial impact of historically low discount rates that caused higher-than-planned pension expense; acquisitions by our defense business; changed acquisition priorities at the U.S. Department of Defense; and disruption costs related to a strike. The Compensation Committee decreased economic profit to exclude or partially exclude the financial impact of lower-than-planned tax rates, a favorable litigation settlement, and better-than-expected growth in certain commercial markets. These adjustments to economic profit are based on the Committee's informed judgment that such adjustments are in the long-term interests of shareholders by rewarding executives based on the core operating performance of the Company and incentivizing sustained performance by executives without encouraging undue risk.

Supplemental Equity Awards. From time to time the Compensation Committee may grant supplemental equity awards to executives to retain high-performing leaders, reward exceptional performance, or recognize expanded responsibility. Supplemental equity awards have vesting and other provisions designed to promote retention of the services and skills of the recipient. These restricted stock unit grants encourage retention because they generally do not vest until at least the third or fourth anniversary of the grant date and will be forfeited in full if the executive resigns, retires, or is terminated for cause prior to vesting. Supplemental equity awards were granted to three NEOs in 2012: Messrs. Conner, Luttig and Muilenburg received special awards in recognition of their performance and as a retention vehicle, and, in the case of Mr. Conner, in recognition of his expanded responsibilities.

No Accelerated Vesting Upon Change-In-Control. The Company does not accelerate the vesting of any equity awards in connection with a change-in-control. In addition, performance awards and restricted stock units granted under our long-term incentive program provide for accelerated vesting only on a pro-rated basis based on active employment during the vesting period and any unvested stock options granted under that program are forfeited upon cessation of employment.

Other Design Elements

As part of a comprehensive and competitive executive compensation package, executives (including NEOs) receive additional benefits as summarized below. These benefits are designed to attract and retain the executive talent needed to achieve our business and financial objectives.

Retirement Benefits. Executives hired before January 1, 2009, are eligible to participate in the Boeing Pension Value Plan ("PVP") and Supplemental Executive Retirement Plan ("SERP"), two defined-benefit retirement plans that do not require employee contributions. The PVP is generally available to all salaried U.S. employees hired before 2009, other than employees covered by certain collective bargaining agreements. The amount of the pension benefit under the PVP is based on the employee's pay and service, and is determined by the same formula for executives and non-executives. The SERP provides non-qualified pension benefits to the extent the employee's benefit under the PVP is limited by the Internal Revenue Code plus, in certain cases, a supplemental target benefit that may enhance the benefits received under the PVP. We also provide a supplemental retirement benefit to Mr. McNerney per the terms of his employment agreement to compensate him for retirement benefits provided by his prior employer that he forfeited when he accepted his role at Boeing and a supplemental pension benefit to Mr. Luttig per the terms of his initial employment. Mr. Smith earned benefits in a Canadian subsidiary pension plan for part of his company service. Part of that service was in the Toronto Salaried Plan and the Toronto SERIP.

All executives are eligible to participate in the Company's Voluntary Investment Plan ("VIP"), a tax-qualified defined contribution 401(k) plan in which participating employees receive a company match, and the Supplemental Benefit Plan ("SBP"), a nonqualified defined contribution plan that allows eligible employees to save and receive a company match on amounts above those permitted under the VIP due to Internal Revenue Code limits. For employees hired after 2008, we make additional company contributions of 3%, 4%, or 5% of eligible earnings (depending on age) above those permitted under the VIP due to Internal Revenue Code limits and with respect to the executive's annual incentive compensation. The SBP also provides a supplemental retirement benefit (a Defined Contribution SERP Benefit) to certain executives who are hired or rehired on or after January 1, 2009.

The Deferred Compensation Plan for Employees allows executives to voluntarily defer, on a nonqualified basis, receipt of a portion of salary, earned annual incentive awards and earned performance awards.

Perquisites and Other Executive Benefits. Consistent with our executive compensation philosophy and our commitment to emphasize performance-based pay, we limit the perquisites and other benefits that we provide to executives, and any such benefits are provided to help achieve our business objectives. In 2012, these perquisites (by primary objective achieved) included:

- Security—Our CEO is required, and certain senior executives are encouraged, to use company aircraft for business and personal travel for security reasons. We provide ground transportation services to the CEO so that he may conduct business during his commute and for security purposes. In addition, home security is provided to the CEO and certain other executives.
- Productivity—Relocation assistance services (when applicable), use of a company vehicle (discontinued effective April 1, 2012), and tax preparation services.
- Health—Annual physical exam.
- Other—Supplemental life insurance; charitable gift matching program.

No tax gross-ups are provided except in connection with certain relocation expenses. The Compensation Committee annually reviews perquisites and other executive benefits to ensure that they are reasonable and consistent with the practices of companies within our peer group.

Severance Benefits. We have maintained an Executive Layoff Benefit Plan since 1997 to provide a reasonable separation package for executives who are involuntarily laid off and do not become employed elsewhere within the Company. The plan provides a layoff benefit equal to one year of base salary plus an amount equal to the executive's target annual incentive multiplied by the Company performance score (and business unit score, as applicable) for the year in which the layoff occurs. The plan does not provide enhanced change-in-control benefits or tax gross-ups. The Compensation Committee believes that the benefits provided under the plan are consistent with those provided by our peers and other companies with whom we compete for executive talent. In addition to the benefits under the plan, executives may continue to participate in certain incentive award programs after a separation based on service and the terms and conditions of the award.

Pursuant to his employment agreement, Mr. McNerney is also entitled to certain severance payments. Such payments would require a so-called "double-trigger"—*i.e.,* (1) a change in control and (2) termination of Mr. McNerney's employment within two years of or in connection with such change in control by the company without cause or by Mr. McNerney with good reason (*e.g.*, adverse change in responsibilities, pay, reporting relationships or our – or our successor's – failure to abide by the agreement). In the event these conditions are satisfied, Mr. McNerney would be eligible to receive a cash severance payment, credit for severance and related service for purposes of his supplemental retirement benefit, and medical coverage. The cash severance payment is three times the sum of base salary plus target annual incentive. The agreement does not provide for any tax gross-ups. The level and nature of these benefits were reviewed against market data and set by a negotiated employment agreement to attract Mr. McNerney, who had similar arrangements with his prior employer, to join Boeing.

Governance of Pay-Setting Process

The Company applies the following approach in setting compensation for its executives:

- All executives are assigned to pay grades by comparing position-specific duties and responsibilities with market data and our internal management structure.
- Each pay grade has a salary range with corresponding target annual and long-term incentive award opportunities, executive benefits and perquisites.
- Salary ranges and incentive opportunities by pay grade are benchmarked annually against our peer group to ensure they are competitive.
- Individual executive pay positioning is generally targeted at the median of our peer group, but can vary based on the requirements of the job (competencies and skills), the executive's experience and performance, and the organizational structure of the businesses (internal alignment and pay relationships).
- The Compensation Committee may make exceptions to normal practices based on critical business and people needs.

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Role of Board, Management and Consultants. The Compensation Committee establishes, reviews and approves all elements of the executive compensation program. The Compensation Committee works with an independent executive compensation consultant, Compensation Advisory Partners (CAP), for advice and perspective regarding market trends that may affect decisions about our executive compensation program and practices. CAP also advises the GON Committee in connection with nonemployee director compensation matters. CAP provided no services to Boeing outside of its duties as the independent consultant to these two Board committees. The Compensation Committee has assessed the independence of CAP pursuant to SEC and NYSE rules and determined that no conflict of interest exists that would prevent CAP from independently representing the Compensation and GON Committees. For more information on this conflicts of interest assessment, see “Corporate Governance—Compensation Consultants” on page 17.

Boeing management has the responsibility for effectively implementing the executive compensation program. Aon Hewitt served as management’s compensation consultant during 2012.

Additional responsibilities of the Board of Directors, Compensation Committee, management and the compensation consultants include:

Board of Directors and Compensation Committee

- The Compensation Committee reviews and approves the CEO’s business goals and objectives relevant to executive compensation, evaluates the performance of the CEO in light of those goals and objectives (CEO goals/objectives and performance are reviewed in coordination with the GON Committee) and recommends the CEO’s compensation level to independent members of the Board of Directors based on this evaluation. The Compensation Committee reviews and approves the CEO’s annual and long-term incentive targets and payouts.
- Based on a review of peer data, pay tally sheets (as described below), individual performance and internal pay comparisons, the Compensation Committee sets pay for the CEO and reviews and approves all NEO pay arrangements with the exception of base salaries, which are approved by the Board of Directors as required by our By-Laws.
- The Board of Directors reviews all components of compensation and approves all executive officer base salaries.
- A supermajority (two-thirds) of the Board of Directors must approve any incentive awards for our NEOs that are granted under a plan not previously approved by a supermajority of the Board.

Management

- The CEO; Senior Vice President, Human Resources and Administration; and Vice President, Strategy, Compensation and Benefits make recommendations on program design and pay levels, where appropriate, and implement the program approved by the Compensation Committee.
- The CEO makes recommendations with respect to the compensation of other officers, including the other NEOs, and is assisted in pay administration by the Senior Vice President, Human Resources and Administration.
- The Chief Financial Officer provides the financial information used by the Compensation Committee to make decisions with respect to incentive compensation goals based on achievement of economic profit targets and related payouts, if any.

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Compensation Consultants

Compensation Committee's Independent Consultant	Management's Consultant
• Presents peer group pay practices and other relevant benchmarks for CEO and nonemployee director compensation to the Compensation Committee and GON Committee, respectively, as well as management. • Reviews and provides comments concerning management's data and work product and compensation-related practices and proposals. • Advises the Compensation Committee Chairman and the Compensation Committee with respect to management's proposals. • Meets with the Compensation Committee in executive session following regular meetings of the Committee.	• Presents peer group pay practices and other relevant benchmarks (except for the CEO and nonemployee directors) to the Compensation Committee and management. • Prepares comprehensive pay tally sheets for elected officers for Compensation Committee review. The pay tally sheets provide total annual compensation and accumulated wealth (value of equity holdings, outstanding long-term incentives, deferred compensation and pension). • Provides periodic updates to the Compensation Committee regarding tax, accounting and regulatory issues that may impact executive compensation design, administration and/or disclosure.

***Benchmarking Against Our Peer Group*.** Peer group benchmarking is one of several factors considered in the pay setting process. Peer group practices are analyzed annually for target total direct compensation and for other pay elements (such as executive benefits and perquisites). We benchmark executive compensation against a peer group of leading U.S.-based companies (with an emphasis on aerospace and industrial manufacturing companies) that have a technology focus, large, global operations, a diversified business, and comparable annual sales and market capitalizations. Each year the Compensation Committee, working with its independent consultant, reviews the composition of the peer group and determines whether any changes should be made. The Compensation Committee has not made any changes to the peer group since 2010. Boeing's peer group consists of the following 24 companies:

3M	DuPont	Honeywell	Northrop Grumman
AT&T	Exxon Mobil	IBM	Procter & Gamble
Caterpillar	Ford	Intel	Raytheon
Chevron	General Dynamics	Johnson & Johnson	United Parcel Service
Cisco Systems	General Electric	Johnson Controls	United Technologies
Dell	Hewlett-Packard	Lockheed Martin	Verizon Communications

The median revenue of our peer group for the year ended December 31, 2012 was approximately $59.9 billion as compared to our revenues of $81.7 billion. As of December 31, 2012, the median market capitalization of our peer group was $61.4 billion as compared to our market capitalization of $56.8 billion. The Compensation Committee reviews our peer group and executive compensation program on at least an annual basis and, with the assistance of its independent compensation consultant, compares our executive compensation practices to those of our peers. Individual executive pay is generally targeted at the median of our peer group, but can vary based on the requirements of the job (competencies and skills), the executive's experience and performance, and the organizational structure of the businesses (internal alignment and pay relationships).

Additional Considerations

Executive Stock Ownership. In order to further align the interests of our senior executives with the long-term interests of shareholders, we require NEOs and other senior executives to own significant amounts of Boeing stock. Senior executives are required to attain and maintain the following investment position in Boeing stock and stock equivalents:

- CEO: 6x base salary
- Executive Vice Presidents: 4x base salary
- Senior Vice Presidents: 3x base salary
- Vice Presidents: 1x or 2x base salary based on executive grade

Each senior executive must meet the applicable stock ownership requirement within five years of the later of January 1, 2009, or January 1 after the executive enters the relevant executive grade. During the five-year period, executives are expected to accumulate qualifying equity until they meet the minimum stock ownership requirement. As of December 2012, each NEO's stock ownership met their respective stock ownership requirement.

Each year, the Compensation Committee reviews the ownership position of each elected officer as well as a summary covering all senior executives. In assessing stock ownership, the average daily closing stock price over a one-year period (ending September 30 of each year) is used. This approach mitigates the effect of stock price volatility and is consistent with the objective of requiring long-term, sustained stock ownership. The Compensation Committee may, in its discretion, elect at any time to pay some or all performance awards in stock, including for executives who are currently not in compliance with the applicable ownership requirement.

Shares owned directly by the executive as well as stock units, restricted stock units, deferred stock units and shares held through our savings plans are included in calculating ownership levels. Shares underlying stock options do not count toward the ownership guidelines.

Granting Practices. The Compensation Committee grants annual and long-term incentive awards in February of each year at a regular meeting of the Compensation Committee. The Compensation Committee meeting date, or the next business day if the meeting falls on a day where the NYSE is closed for trading, is the effective grant date for the grants. The stock option exercise price per share is the fair market value (average of high and low prices) of Boeing stock on the grant date.

New executives hired or internally promoted after the February grant date but on or before December 31 will receive a pro-rated long-term incentive award, if any, for that year. Grants are pro-rated based on the time remaining in the 36-month performance or vesting period as of the date of hire or promotion. This approach was adopted to better align the Company's program with peer practices and provide the executive with an immediate tie to Boeing's long-term performance.

We also may grant supplemental equity awards to retain high-performing leaders, reward exceptional performance or recognize expanded responsibility. The effective date of these grants is determined based on the timing of the recognition or hiring and approved on or in advance of the effective date of the grant by the Compensation Committee. The exercise/grant price is the fair market value of Boeing stock on the effective date.

Accounting and Tax Implications. The Compensation Committee considers the accounting and tax impact reflected in our financial statements when establishing the amount and forms of long-term and equity compensation. The forms of long-term compensation selected are intended to be cost-efficient.

- Stock Options and Restricted Stock Units—We account for stock option and restricted stock unit awards in accordance with FASB ASC Topic 718, pursuant to which the fair value of the grant, net of estimated forfeitures, is expensed over the service/vesting period based on the number of options, shares or units, as applicable, that vest.
- Performance Awards—The estimated payout amount of performance awards, along with any changes in that estimate, is recognized over the performance period under "liability" accounting. Our ultimate expense will equal the value earned by/paid to the executives. As such, the ultimate expense is not determinable until the end of the three-year performance period.

Securities Trading Policy. We have a policy that prohibits executive officers and directors from trading in Boeing securities while aware of material nonpublic information, or engaging in hedging transactions or short sales and trading in "puts" and "calls" involving Boeing securities. This policy is contained in our Corporate Governance Principles, which are set forth in Appendix 1 to this proxy statement. In addition, executive officers and directors are prohibited from pledging Boeing securities without first demonstrating that they have the financial capacity to repay the loan and receiving pre-clearance from the Corporate Secretary.

Clawback Policy. We will require reimbursement of any incentive payments to an executive officer if the Board determines that the executive engaged in intentional misconduct that caused or substantially caused the need for a substantial restatement of financial results and a lower payment would have been made to the executive based on the restated financial results. This policy is contained in our Corporate Governance Principles, which are set forth in Appendix 1 to this proxy statement.

Tax Gross-Ups. We do not provide tax gross-ups other than for certain relocation expenses.

Limitations on Deductibility of Compensation. Section 162(m) of the Internal Revenue Code limits the tax deductibility of compensation paid by a public company to its CEO and certain other highly compensated executive officers to $1 million. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements.

We consider the impact of this rule when developing and implementing our executive compensation program. Annual incentive awards, performance awards and stock options generally are designed to meet the deductibility requirements. We also believe that it is important to preserve flexibility in administering compensation programs in a manner designed to promote varying corporate goals. Accordingly, we have not adopted a policy that all compensation must qualify as deductible under Section 162(m). Amounts awarded or paid under any of our compensation programs, including salaries, annual incentive awards, performance awards, stock options and restricted stock units, may not qualify as performance-based compensation that is excluded from the limitation on deductibility.

There are different means by which the Board may pay executives. One such means is the Elected Officer Annual Incentive Plan, which was established to allow for the payment of annual incentive awards that would be deductible under Section 162(m). However, that plan is not the exclusive means by which annual and long-term incentive payments may be made to NEOs. The Board in its discretion may make such awards. When awards are made outside the Elected Officer Annual Incentive Plan, however, they may not be tax deductible. For 2012, we met the plan requirements for the Elected Officer Annual Incentive Plan. As a result, this payment is considered performance-based compensation under Section 162(m).

Compensation Committee Report

Management has prepared the Compensation Discussion and Analysis, beginning on page 21 of this proxy statement. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee
Arthur D. Collins, Jr., Chair
David L. Calhoun
Kenneth M. Duberstein
Ronald A. Williams
Mike S. Zafirovski

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee during 2012 had a relationship that requires disclosure as a Compensation Committee interlock.

Compensation and Risk

We believe that our compensation programs create appropriate incentives to increase long-term shareholder value. These programs have been designed and administered in a manner that discourages undue risk-taking by employees. Relevant features of these programs include:

- Compensation Committee-approved limits on annual incentive and long-term performance awards;
- with each increase in executive pay level, a proportionately greater award opportunity is derived from the long-term incentive program, creating a greater focus on sustained Company performance over time;
- the use of economic profit as our performance metric, which incents employees to increase earnings and manage net assets efficiently;
- use of three distinct long-term incentive vehicles—performance awards, restricted stock units and stock options—that vest in three year periods thereby providing strong incentives for sustained operational and financial performance that can increase the stock price;
- a long-term incentive program that has overlapping performance periods, such that at any one time three separate and distinct potential long-term awards are affected by current year performance, thereby requiring sustained high levels of performance year over year to achieve a payout;
- significant share ownership requirements for senior executives, monitored by the Compensation Committee, that ensure alignment with shareholder interests over the long term;
- Compensation Committee discretion to adjust economic profit to reflect the core operating performance of the Company and its businesses, but not to authorize payouts above stated maximum awards;
- incorporation of an individual performance score for each executive as a critical factor in the annual incentive calculation, thereby enabling the Compensation Committee to direct a zero payout to any executive in any year if the individual executive is deemed to have sufficiently poor performance or is found to have engaged in activities that pose a financial, operational or other undue risk to the Company; and
- formal clawback/recoupment policies applicable to both cash and equity compensation of senior executives, along with restrictions on trading by senior executives to reduce insider trading compliance risk, as well as a prohibition on hedging and restrictions on pledging Company equities.

In light of these features of our compensation program, we conclude that the risks arising from our employee compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

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Summary Compensation Table

The following table sets forth information regarding 2012 compensation for each of our 2012 Named Executive Officers; 2011 and 2010 compensation is presented for executives who were also Named Executive Officers in 2011 and 2010. The Summary Compensation Table and the 2012 Grants of Plan-Based Awards table should be viewed together for a more complete representation of both the annual and long-term incentive compensation elements of our program. In addition, we have provided a supplemental table on page 38 showing elements of our CEO's actual compensation realized in 2012 and 2011.

Name and Principal Position	Year	Salary ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value ($)(5)	All Other Compensation ($)(6)	Total ($)
W. James McNerney, Jr.	2012	$ 1,930,000	$ 3,763,492	$ 3,763,497	$ 10,819,580	$ 6,366,794	$ 840,775	$ 27,484,138
Chairman, President and	2011	1,930,000	3,420,165	3,420,159	8,704,300	4,555,010	928,679	22,958,313
Chief Executive Officer	2010	1,930,000	3,300,330	3,300,297	4,439,000	5,972,004	798,392	19,740,023
Gregory D. Smith *Executive V.P. and Chief Financial Officer*	2012	594,635	609,342	609,374	1,099,095	222,627	86,453	3,221,526
Raymond L. Conner *Executive V.P., President and Chief Executive Officer, Commercial Airplanes*	2012	633,321	4,008,775	290,998	1,236,200	1,575,915	25,113	7,770,322
J. Michael Luttig	2012	802,723	3,834,062	818,270	2,699,295	1,014,249	215,992	9,384,591
Executive V.P. and	2011	776,240	802,215	802,201	1,864,396	1,045,138	175,812	5,466,002
General Counsel	2010	759,636	734,364	734,336	1,025,200	444,049	152,360	3,849,945
Dennis A. Muilenburg	2012	884,255	5,405,705	959,994	2,619,900	1,783,301	289,939	11,943,094
Executive V.P., President and Chief Executive Officer, Defense, Space and Security	2011	780,000	734,995	734,995	1,342,900	1,101,761	109,580	4,804,231
James F. Albaugh(7)	2012	976,290	1,280,659	1,280,667	3,273,420	2,648,792	169,043	9,628,871
Former Executive V.P.,	2011	999,550	1,249,470	1,249,441	2,794,704	1,971,684	230,052	8,494,901
President and Chief Executive Officer, Commercial Airplanes	2010	975,262	4,310,057	1,118,578	1,335,300	1,343,578	205,244	9,288,019
James A. Bell(8)	2012	336,511	1,142,536	1,142,524	1,785,258	1,438,590	71,188	5,916,607
Former Executive V.P.,	2011	890,880	1,109,243	1,109,246	2,648,724	1,058,850	249,384	7,066,327
Corporate President and Chief Financial Officer	2010	864,547	985,344	985,379	1,332,900	921,295	308,739	5,398,204

(1) Amounts reflect base salary paid in the year, before any deferrals at the officer's election and including salary increases effective during the year, if any. For Messrs. Albaugh and Bell, the 2012 amounts also include payments at the time of retirement for accrued but unused vacation.

(2) Amounts reflect the aggregate grant date fair value of restricted stock units (RSUs) granted in the year computed in accordance with FASB ASC Topic 718. These amounts are not paid to or realized by the officer. The grant date fair value of each award of RSUs in 2012 is set forth in the 2012 Grants of Plan-Based Awards table on page 39. Assumptions used in the calculation of these values are included in Note 16 to our audited financial statements included in our 2012 Annual Report on Form 10-K. A description of RSUs appears on page 40.

(3) Amounts reflect the aggregate grant date fair value of stock options granted in the year computed in accordance with FASB ASC Topic 718. These amounts are not paid to or realized by the officer. Assumptions used in the calculation of these values are included in Note 16 to our audited financial statements included in our 2012 Annual Report on Form 10-K. A description of stock options appears on page 40.

(4) Amounts reflect (a) annual incentive compensation, which is based on Company, business unit (if applicable), and individual performance during the relevant year, pursuant to the annual incentive plan, and (b) any payout of performance awards for the three-year performance period that ended in the relevant year, pursuant to the long-term incentive program. Because the

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applicable performance goal was not met, there was no payout of performance awards for the 2008-2010 performance period. Annual cash incentive compensation and performance award payouts for our NEOs (before taking into account any elective deferrals of such compensation) were as follows:

Name	Year	Annual Incentive Compensation ($)	Long-Term Incentive Performance Awards ($)	Total Non-Equity Incentive Plan Compensation ($)
W. James McNerney, Jr.	2012	$ 4,439,000	$ 6,380,580	$ 10,819,580
	2011	4,439,000	4,265,300	8,704,300
	2010	4,439,000	—	4,439,000
Gregory D. Smith	2012	784,300	314,795	1,099,095
Raymond L. Conner	2012	772,200	464,000	1,236,200
J. Michael Luttig	2012	1,279,600	1,419,695	2,699,295
	2011	1,233,900	630,496	1,864,396
	2010	1,025,200	—	1,025,200
Dennis A. Muilenburg	2012	1,575,900	1,044,000	2,619,900
	2011	1,118,500	224,400	1,342,900
James F. Albaugh	2012	1,291,100	1,982,320	3,273,420
	2011	1,551,800	1,242,904	2,794,704
	2010	1,335,300	—	1,335,300
James A. Bell	2012	356,500	1,428,758	1,785,258
	2011	1,569,700	1,079,024	2,648,724
	2010	1,332,900	—	1,332,900

Annual incentive compensation and performance awards are discussed in further detail under Compensation Discussion and Analysis beginning on page 21. The estimated target and maximum amounts for annual incentive awards for 2012 and for performance awards granted in 2012 are reflected in the 2012 Grants of Plan-Based Awards table on page 39.

(5) Amounts reflect the aggregate increase in the actuarial present value of the officer's accumulated benefits under all pension plans (including supplemental retirement benefits under individual agreements with Messrs. McNerney and Luttig) during the year. These amounts were determined using interest rate and mortality rate assumptions consistent with those used in our audited financial statements. There are many assumptions that are used to determine the present value of accumulated benefits with interest rates being one of the key assumptions. A decrease in the interest rate generally increases the present value of pension benefits. The degree of change in the present value depends on the age of the employee, when the benefit payments begin, and how long the benefits are expected to last. During 2012, pension values increased primarily due to: (i) decreases in applicable discount rates; (ii) increases in average eligible compensation; (iii) increases in present value due to participant aging; and (iv) an additional year of credited service under existing plans. Information regarding our pension plans is set forth in further detail under the 2012 Pension Benefits table beginning on page 45.

(6) The table below sets forth the elements of "All Other Compensation" provided in 2012 to our NEOs:

Name	Perquisites and Other Personal Benefits ($)(a)	Life Insurance Premiums ($)(b)	Tax Reimbursements ($)(c)	Company Contributions to Retirement Plans ($)(d)	Total All Other Compensation ($)
W. James McNerney, Jr.	$ 458,930	$ 266,045	—	$ 115,800	$ 840,775
Gregory D. Smith	49,157	1,618	—	35,678	86,453
Raymond L. Conner	9,118	1,709	—	14,286	25,113
J. Michael Luttig	165,687	2,142	—	48,163	215,992
Dennis A. Muilenburg	234,516	2,368	—	53,055	289,939
James F. Albaugh	117,036	3,031	—	48,976	169,043
James A. Bell	51,966	3,506	—	15,716	71,188

(a) Perquisites and personal benefits provided to our NEOs in 2012 included use of company aircraft for personal travel or to attend outside board meetings, personal use of a company vehicle and ground transportation services, tax preparation services, charitable donations, home security expenses, home office costs, annual physicals, discounted purchases of company vehicles, travel planning services and in the case of Messrs. Albaugh and Bell, a non-monetary retirement recognition gift. Not all of the above-listed perquisites or personal benefits were provided to each NEO. We determine the incremental cost to us for these benefits based on the actual costs or charges incurred by us for the benefits. For purposes of the Summary Compensation Table, we determine the aggregate incremental cost to us for use of company aircraft using a method that takes into account only the variable operating cost, such as the cost of fuel, trip-related maintenance, crew travel expenses, on-board meals, landing fees and parking costs. Year over year costs per flight hour increased by 17% in 2012 primarily due to high fuel costs. Since our aircraft are used predominately for business travel, the calculation does not include the fixed costs that do not change based on usage, such as pilots' salaries, aircraft acquisition costs and the cost of maintenance not related to trips.

Mr. Conner's perquisites and personal benefits totaled less than $10,000. The cost of any category of the listed perquisites and personal benefits did not exceed the greater of $25,000 or 10% of total perquisites and personal benefits for any other NEO, except as follows: (i) $281,922 for use of company aircraft for personal travel, $50,842 for use of company aircraft associated with attendance at outside board meetings, $43,344 for personal use of ground transportation services, $41,164 for tax preparation services, and $31,000 in gift matching donations for Mr. McNerney; (ii) $20,699 for use of company aircraft for personal travel, $9,099 for personal use of ground transportation services, $8,011 for tax preparation services and $5,900 in connection with the employee vehicle purchase program described below for Mr. Smith; (iii) $49,420 for use of company aircraft for personal travel and $95,876 for use of company aircraft associated with attendance at outside board meetings for Mr. Luttig; (iv) $9,297 for use of company aircraft for personal travel and $180,627 for use of company aircraft associated with attendance at outside board meetings for Mr. Muilenburg; (v) $76,785 for use of company aircraft for personal travel and $24,995 in gift matching donations for Mr. Albaugh; and (vi) $20,802 for use of company aircraft for personal travel and $8,590 for use of company aircraft associated with attendance at outside board meetings, $8,147 for personal use of ground transportation services, $8,027 for tax preparation services and $5,400 in connection with the employee vehicle purchase program described below for Mr. Bell.

In connection with discontinuing our executive vehicle program effective April 1, 2012, we offered participating executives the option to purchase the company vehicles that they had been using at a discount of 10% below the vehicle's fair market value to expeditiously eliminate our expenses related to storing, maintaining and disposing of these vehicles. Messrs. Smith, Muilenburg, Luttig and Bell purchased their used vehicles from us pursuant to this program, and the value of the discount is included in the "Perquisites and Other Personal Benefits" column.

(b) These amounts represent premiums paid by us for term life insurance for the benefit of the insured executive. The amount for Mr. McNerney includes supplemental life insurance premiums paid pursuant to the terms of his employment agreement.

(c) There were no tax reimbursements made to NEOs in 2012. Tax gross-ups are not provided to executives except in connection with certain relocation expenses.

(d) These amounts represent matching contributions allocated by us to the NEO under our qualified and nonqualified retirement plans.

(7) Mr. Albaugh retired effective October 1, 2012.

(8) Mr. Bell retired effective April 1, 2012.

CEO Actual Compensation Realized

The supplemental table below, which sets forth our CEO's actual compensation realized in 2012 and 2011, is not a substitute for the Summary Compensation Table above. "Total Actual Compensation Realized" differs substantially from "Total Compensation" as set forth in the Summary Compensation Table on page 36. The principal differences between the tables are that the table below (i) does not include "Change in Pension Value" or "All Other Compensation" and (ii) reports the value realized on equity compensation during the applicable year in lieu of the grant date fair market value of awards that were granted in that year.

				Equity Compensation		
Year	Salary (1)	Annual Incentive Award(2)	Long-Term Incentive Plan Performance Award Payout(3)	Stock Option Exercises	Stock Award Vesting	Total Actual Compensation Realized
2012	$1,930,000	$4,439,000	$ 6,380,580	$ 89,664(4)	$ 7,241,488(5)	$ 20,080,732
2011	$1,930,000	$4,439,000	$ 4,265,300	—	$ 1,792,800(6)	$ 12,427,100

(1) Mr. McNerney's last base salary increase was effective March 1, 2008.

(2) Company economic profit in 2012 was $1.955B versus a target of $1.321B, resulting in a payout factor of 160%. The 2011 payout factor was also 160%.

(3) Company economic profit for the 2010-2012 performance period was $6.834B versus a target of $6.143B, resulting in a payout factor of $145 per performance award unit. Company economic profit for the 2009-2011 performance period was $8.119B versus a target of $9.099B, resulting in a payout factor of $68 per performance award unit.

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(4) Represents the value realized upon the exercise of stock options granted in 2002 when Mr. McNerney served solely as a member of our board of directors. These stock options would have expired in 2012 had they not been exercised.

(5) Represents the value of RSUs granted in 2009 as part of the long-term incentive program that vested in 2012.

(6) Represents the value of the portion of restricted stock awards granted in 2005 in connection with Mr. McNerney's employment agreement that vested in 2011.

2012 Grants of Plan-Based Awards

The following table provides information for each of our NEOs regarding 2012 annual and long-term incentive award opportunities, including the range of potential payouts under non-equity incentive plans. Specifically, the table presents the 2012 grants of annual incentive awards, performance awards, stock options, and RSUs.

Name	Type of Award	Grant Date	Committee Action Date(1)	Number of Units Granted (#)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2) Target ($)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2) Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
W. James McNerney, Jr.	Annual Incentive Award			—	$ 3,281,000	$ 4,439,000	—	—	—	—
	Performance Award			50,180	5,018,000	10,036,000	—	—	—	—
	Stock Options	2/27/2012	2/26/2012	—	—	—	—	222,824	$ 75.40	$ 3,763,497
	RSUs	2/27/2012	2/26/2012	—	—	—	49,917	—	—	3,763,492
Gregory D. Smith	Annual Incentive Award			—	508,487	1,016,974	—	—	—	—
	Performance Award			8,125	812,500	1,625,000	—	—	—	—
	Stock Options	2/27/2012	2/26/2012	—	—	—	—	36,079	75.40	609,374
	RSUs	2/27/2012	2/26/2012	—	—	—	8,082	—	—	609,342
Raymond L. Conner	Annual Incentive Award			—	528,841	1,057,682	—	—	—	—
	Performance Award			3,880	388,000	776,000	—	—	—	—
	Stock Options	2/27/2012	2/26/2012	—	—	—	—	17,229	75.40	290,998
	RSUs	2/27/2012	2/26/2012	—	—	—	3,860	—	—	291,025
	RSUs	2/27/2012	2/26/2012	—	—	—	10,000	—	—	753,950
	RSUs	12/17/2012	12/16/2012	—	—	—	40,000	—	—	2,963,800
J. Michael Luttig	Annual Incentive Award			—	763,846	1,527,692	—	—	—	—
	Performance Award			10,910	1,091,000	2,182,000	—	—	—	—
	Stock Options	2/27/2012	2/26/2012	—	—	—	—	48,447	75.40	818,270
	RSUs	2/27/2012	2/26/2012	—	—	—	10,853	—	—	818,262
	RSUs	2/27/2012	2/26/2012	—	—	—	40,000	—	—	3,015,800
Dennis A. Muilenburg	Annual Incentive Award			—	888,941	1,777,882	—	—	—	—
	Performance Award			12,800	1,280,000	2,560,000	—	—	—	—
	Stock Options	2/27/2012	2/26/2012	—	—	—	—	56,838	75.40	959,994
	RSUs	2/27/2012	2/26/2012	—	—	—	12,733	—	—	960,005
	RSUs	12/17/2012	12/16/2012	—	—	—	60,000	—	—	4,445,700
James F. Albaugh	Annual Incentive Award			—	849,633	1,699,266	—	—	—	—
	Performance Award			17,076	1,707,600	3,415,200	—	—	—	—
	Stock Options	2/27/2012	2/26/2012	—	—	—	—	75,824	75.40	1,280,667
	RSUs	2/27/2012	2/26/2012	—	—	—	16,986	—	—	1,280,659
James A. Bell	Annual Incentive Award			—	222,801	445,602	—	—	—	—
	Performance Award			15,234	1,523,400	3,046,800	—	—	—	—
	Stock Options	2/27/2012	2/26/2012	—	—	—	—	67,645	75.40	1,142,524
	RSUs	2/27/2012	2/26/2012	—	—	—	15,154	—	—	1,142,536

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(1) Stock option and RSU awards that were approved by the Compensation Committee on Sunday, February 26, 2012 had a grant date of Monday, February 27, 2012, the first trading day following the date of the approval. RSU awards that were approved by the Compensation Committee on Sunday, December 16, 2012 had a grant date of Monday, December 17, 2012, the first trading day following the date of the approval.

(2) Payouts of annual incentive awards and performance awards may range from $0 to the maximum as described above. Therefore, in accordance with SEC rules, we have omitted the "Threshold" column.

Annual Incentive Awards

The amounts shown for annual incentive awards represent the target and maximum amounts of annual cash incentive compensation that, depending on Company, business unit (if applicable), and individual performance results, might have been paid to each NEO for 2012 performance. The actual amount paid for 2012 is included in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table on page 36. If employment is terminated due to death, disability, layoff or retirement during the year, the executive (or beneficiary) remains eligible under the award and, if the award is earned, will receive a pro-rated payout, based on the number of days employed during the year, at the same time payment is made to other participants. These awards may be deferred at the election of the executive. These awards are described in further detail on page 26.

Performance Awards

The amounts shown for performance awards represent the target and maximum amounts that, depending on performance results, might be paid to each NEO pursuant to performance awards granted in 2012. The performance awards shown are units that pay out based on the achievement of internal financial goals (economic profit) for the three-year period ending December 31, 2014. Individual target awards are based on a multiple of base salary, which is then converted into a number of units. Each unit has an initial value of $100. The amount payable at the end of the three-year performance period may be from $0 to $100 at target and $200 at maximum per unit, depending on our performance against plan for the three-year period. If employment is terminated due to death, disability, layoff or retirement during the performance period, the executive (or beneficiary) remains eligible under the award and, if the award is earned, will receive a pro-rated payout, based on the number of full and partial calendar months employed during the period, at the same time payment is made to other participants. The Compensation Committee has the discretion to pay these awards in cash, stock or a combination of both after the three-year performance period. These awards may be deferred at the election of the executive. Performance awards are described in further detail on page 28.

Stock Options

The amounts shown for stock options represent the number of nonqualified stock options granted to each NEO in 2012, the option exercise price and the grant date fair value of the options determined in accordance with FASB ASC Topic 718. The stock options vest over a period of three years, with 34% vesting on the first anniversary of the grant date and 33% vesting on each of the second and third anniversaries of the grant date. The exercise price per share is the fair market value (average of high and low prices) of Boeing stock on the grant date. The options expire ten years after the grant date. If an executive's employment is terminated for any reason, the unvested portion of the stock option will not vest and all rights to the unvested portion will terminate completely. Vested options are generally exercisable for 90 days after termination of employment, except for terminations due to death, disability, layoff or retirement, in which case vested options remain exercisable for the earlier of five years from the date of termination or the end of the ten-year term of the option. Stock options are described in further detail on page 28.

Restricted Stock Units (RSUs)

The amounts shown for RSUs represent the number of RSUs awarded to each NEO in 2012 and the grant date fair value of the RSUs determined in accordance with FASB ASC Topic 718. The grant date fair values are calculated using the average of the high and low stock price on the grant date. RSUs generally vest and settle on a one-for-one basis in shares of stock on the third, or in the case of certain supplemental RSU awards on the fourth, anniversary of the grant date. For RSUs granted annually as part of our long-term incentive program, if an executive terminates employment due to death, disability, layoff or retirement, the executive (or beneficiary) will vest immediately in a pro-rated amount of stock units based on active employment during the performance period. Upon any other type of termination, the RSUs will not vest and all rights to the stock units will terminate completely. RSUs that are granted in order to retain or attract the services of a senior leader, reward exceptional performance, or recognize expanded responsibility (supplemental equity awards) vest in full upon death, disability or layoff, but are forfeited in their entirety if the executive retires prior to the end of the vesting period. Except as described above, the Company does not provide for accelerated vesting of equity awards. Supplemental equity awards were granted to the following NEOs in 2012: Mr. Conner was granted 10,000 RSUs that vest on February 27, 2015 and 40,000 that vest on December 17, 2016; Mr. Luttig was granted 40,000 RSUs, which vest on February 27, 2016; and Mr. Muilenburg was granted 60,000 RSUs that vest on December 17, 2016. RSUs are described in further detail on page 28.

Employment Agreement with Mr. McNerney

We entered into an employment agreement with Mr. McNerney effective July 1, 2005 (which was amended and restated effective January 1, 2008 to conform with Section 409A of the Internal Revenue Code) providing for his employment as President and Chief Executive Officer and for his election as Chairman of the Board of Directors. The initial term of the agreement ended on July 1, 2008, but the term of the agreement automatically extends so that the remaining term is always two years. Either the Board of Directors or Mr. McNerney may give notice that the term will not be extended. The agreement provides for a minimum annual base salary of $1,750,000 and participation in incentive compensation plans and programs that are offered to other senior executives. Mr. McNerney last received a base salary increase on March 1, 2008 from $1,855,000 to $1,930,000. He is eligible to earn a target annual incentive award measured against internal financial goals (economic profit) of at least 170% of base salary, with a maximum annual incentive award of 230% of base salary and a potential reduced annual incentive award for achievements below target in accordance with the annual incentive plan. The employment agreement also provides for a retirement benefit, which is described on page 48 under “Employment Agreement Retirement Benefit.”

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Outstanding Equity Awards at 2012 Fiscal Year-End

The following table provides information regarding outstanding stock options and unvested stock awards held by each of our NEOs as of December 31, 2012. Market values for outstanding stock awards, which include 2012 grants and prior-year grants, are based on the closing price of Boeing stock on December 31, 2012 (the last trading day of the year) of $75.36. Performance awards, which are not stock-based, are not presented in this table.

	Option Awards					Stock Awards	
		Number of Securities Underlying Unexercised Options (#)				Service-Based Equity Awards	
Name	Grant Year	Exercisable	Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)
W. James McNerney, Jr.							
Equity Awards	—	—	—	—	—	156,109(2)	$11,764,374
Stock Options	2012	—	222,824(3)	$75.40	2/27/2022	—	—
	2011	64,746	125,686(4)	71.44	2/22/2021	—	—
	2010	140,840	69,370(5)	63.83	2/22/2020	—	—
	2009	282,037	—	35.57	2/23/2019	—	—
	2008	252,000	—	83.93	2/25/2018	—	—
	2007	215,000	—	89.65	2/26/2017	—	—
	2006	261,000	—	74.45	2/27/2016	—	—
	2004	2,400(6)	—	43.12	5/03/2014	—	—
	2003	2,400(6)	—	28.22	4/28/2013	—	—
Gregory D. Smith							
Equity Awards	—	—	—	—	—	13,423(7)	1,011,557
Stock Options	2012	—	36,079(8)	$75.40	2/27/2022	—	—
	2011	3,190	6,195(9)	71.44	2/22/2021	—	—
	2010	6,948	3,424(5)	63.83	2/22/2020	—	—
	2009	3,911	—	35.57	2/23/2019	—	—
	2008	20,000	—	81.98	5/30/2018	—	—
Raymond L. Conner							
Equity Awards	—	—	—	—	—	86,958(10)	6,553,155
Stock Options	2012	—	17,229(11)	$75.40	2/27/2022	—	—
	2011	4,770	9,261(12)	71.44	2/22/2021	—	—
	2010	10,241	5,046(5)	63.83	2/22/2020	—	—
	2008	10,100	—	83.93	2/25/2018	—	—
	2007	8,700	—	89.65	2/26/2017	—	—
	2006	7,128	—	74.45	2/27/2016	—	—
J. Michael Luttig							
Equity Awards	—	—	—	—	—	75,821(13)	5,713,871
Stock Options	2012	—	48,447(14)	$75.40	2/27/2022	—	—
	2011	15,186	29,480(15)	71.44	2/22/2021	—	—
	2010	31,337	15,436(5)	63.83	2/22/2020	—	—
	2009	27,517	—	35.57	2/23/2019	—	—
	2008	18,150	—	84.96	4/28/2018	—	—
	2008	26,000	—	83.93	2/25/2018	—	—
	2007	38,000	—	89.65	2/26/2017	—	—
	2006	47,050	—	88.73	5/11/2016	—	—
Dennis A. Muilenburg							
Equity Awards	—	—	—	—	—	103,486(16)	7,798,704
Stock Options	2012	—	56,838(17)	$75.40	2/27/2022	—	—
	2011	13,914	27,010(18)	71.44	2/22/2021	—	—
	2010	23,044	11,351(5)	63.83	2/22/2020	—	—
	2009	4,898	—	35.57	2/23/2019	—	—
	2008	10,100	—	83.93	2/25/2018	—	—
	2007	8,700	—	89.65	2/26/2017	—	—
	2006	10,800	—	74.45	2/27/2016	—	—
James F. Albaugh							
Stock Options	2011	23,653	—	$71.44	9/30/2017	—	—
	2010	47,734	—	63.83	9/30/2017	—	—
	2009	82,187	—	35.57	9/30/2017	—	—
	2008	62,000	—	83.93	9/30/2017	—	—
	2007	52,000	—	89.65	2/26/2017	—	—
	2006	66,000	—	74.45	2/27/2016	—	—
James A. Bell							
Stock Options	2011	20,999	—	$71.44	3/31/2017	—	—
	2010	42,050	—	63.83	3/31/2017	—	—
	2008	62,000	—	83.93	3/31/2017	—	—
	2007	52,000	—	89.65	2/26/2017	—	—
	2006	66,000	—	74.45	2/27/2016	—	—

(1) The following table shows the aggregate number and market value of unvested Career Shares, RSUs and Matching Deferred Stock Units (MDSUs) held by each of the NEOs as of December 31, 2012.

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Name	Number of Shares or Units of Stock That Have Not Vested (#) Career Shares (a)	RSUs	MDSUs (b)	Total	Market Value of Shares or Units of Stock That Have Not Vested ($) Career Shares (a)	RSUs	MDSUs (b)	Total
W. James McNerney, Jr.	—	156,109	—	156,109	—	$11,764,374	—	$11,764,374
Gregory D. Smith	—	13,423	—	13,423	—	1,011,557	—	1,011,557
Raymond L. Conner	8,513	72,252	6,193	86,958	$641,540	5,444,911	$466,704	6,553,155
J. Michael Luttig	—	75,821	—	75,821	—	5,713,871	—	5,713,871
Dennis A. Muilenburg	4,323	92,754	6,409	103,486	325,781	6,989,941	482,982	7,798,704
James F. Albaugh	—	—	—	—	—	—	—	—
James A. Bell	—	—	—	—	—	—	—	—

(a) Career Shares, which were granted prior to 2006, are stock units that earn dividend equivalents, which accrue in the form of additional Career Shares. Career Shares vest upon termination of employment due to retirement, death, disability or layoff and are paid out in stock upon vesting.

(b) Under the Matching Deferred Stock Units program, which was discontinued in 2005, if an executive elected to defer certain compensation into Boeing deferred stock units (an unfunded stock unit account), we provided a 25% matching contribution when the awards vested that will be paid out in stock upon termination of employment due to retirement, death, disability or layoff. MDSUs earn dividend equivalents, which accrue in the form of additional MDSUs. MDSUs are paid under our Deferred Compensation Plan for Employees, which is described in further detail under 2012 Nonqualified Deferred Compensation beginning on page 48.

(2) Reflects (a) 55,322 RSUs that vested on February 22, 2013; (b) 49,943 RSUs that vest on February 22, 2014; and (c) 50,844 RSUs that vest on February 27, 2015.

(3) Reflects (a) 75,760 options that vested on February 27, 2013; (b) 73,531 options that vest on February 27, 2014; and (c) 73,533 options that vest on February 27, 2015.

(4) Reflects (a) 62,842 options that vested on February 22, 2013; and (b) 62,844 options that vest on February 22, 2014.

(5) Reflects options that vested on February 22, 2013.

(6) Reflects options received for service as a nonemployee director.

(7) Reflects (a) 2,729 RSUs that vested on February 22, 2013; (b) 2,462 RSUs that vest on February 22, 2014; and (c) 8,232 RSUs that vest on February 27, 2015.

(8) Reflects (a) 12,266 options that vested on February 27, 2013; (b) 11,906 options that vest on February 27, 2014; and (c) 11,907 options that vest on February 27, 2015.

(9) Reflects (a) 3,097 options that vested on February 22, 2013; and (b) 3,098 options that vest on February 22, 2014.

(10) Reflects (a) 8,513 Career Shares and 6,193 MDSUs that vest as described in footnote (1) above; (b) 4,023 RSUs that vested on February 22, 2013; (c) 14,111 RSUs that vest on February 22, 2014; (d) 14,118 RSUs that vest on February 27, 2015; and (e) 40,000 RSUs that vest on December 17, 2016.

(11) Reflects (a) 5,857 options that vested on February 27, 2013; (b) 5,685 options that vest on February 27, 2014; and (c) 5,687 options that vest on February 27, 2015.

(12) Reflects (a) 4,630 options that vested on February 22, 2013; and (b) 4,631 options that vest on February 22, 2014.

(13) Reflects (a) 12,310 RSUs that vested on February 22, 2013; (b) 11,714 RSUs that vest on February 22, 2014; (c) 11,054 RSUs that vest on February 27, 2015; and (d) 40,743 RSUs that vest on February 27, 2016.

(14) Reflects (a) 16,471 options that vested on February 27, 2013; (b) 15,987 options that vest on February 27, 2014; and (c) 15,989 options that vest on February 27, 2015.

(15) Reflects (a) 14,739 options that vested on February 22, 2013; and (b) 14,741 options that vest on February 22, 2014.

(16) Reflects (a) 4,323 Career Shares and 6,409 MDSUs that vest as described in footnote (1) above; (b) 9,052 RSUs that vested on February 22, 2013; (c) 10,733 RSUs that vest on February 22, 2014; (d) 12,969 RSUs that vest on February 27, 2015; and (e) 60,000 RSUs that vest on December 17, 2016.

(17) Reflects (a) 19,324 options that vested on February 27, 2013; (b) 18,756 options that vest on February 27, 2014; and (c) 18,758 options that vest on February 27, 2015.

(18) Reflects (a) 13,504 options that vested on February 22, 2013; and (b) 13,506 options that vest on February 22, 2014.

Option Exercises and Stock Vested

The following table provides information for each of our NEOs regarding stock option exercises and vesting of stock awards during 2012.

	Stock Options		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting ($)(2)
W. James McNerney, Jr.	3,000	$ 89,664	95,484	$ 7,241,488
Gregory D. Smith	—	—	6,838	502,781
Raymond L. Conner	4,720	191,580	4,841	367,121
J. Michael Luttig	—	—	35,774	2,713,084
Dennis A. Muilenburg	9,940	395,655	5,024	381,001
James F. Albaugh	—	—	107,534(3)	7,702,799
James A. Bell	71,349	2,789,724	53,781(4)	4,047,895

(1) Consists of time-based vesting of RSUs plus, in the case of Messrs. Albaugh and Bell, vesting of Career Shares, MDSUs and RSUs in connection with the NEO's retirement. Includes shares withheld for payment of applicable taxes associated with the vesting.

(2) Value realized upon vesting of RSUs and MDSUs is calculated based on the average of the high and low sales prices on the date of vesting. Value realized upon vesting of Career Shares is calculated based on the closing price of Boeing stock on the date of vesting.

(3) Consists of 27,824 RSUs that vested during Mr. Albaugh's employment, as well as 28,968 RSUs, 25,561 Career Shares and 25,181 MDSUs that vested in connection with his retirement. Because Mr. Albaugh qualifies as a "specified employee" for purposes of Internal Revenue Code Section 409A, the 79,710 shares that vested upon his retirement on October 1, 2012 will not be distributed until six months after that date.

(4) Consists of 24,155 RSUs that vested during Mr. Bell's employment, as well as 17,425 RSUs and 12,201 Career Shares that vested in connection with his retirement. Because Mr. Bell qualified as a "specified employee" for purposes of Internal Revenue Code Section 409A, the 29,626 shares that vested upon his retirement on April 1, 2012 were not distributed until six months after that date.

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2012 Pension Benefits

The following table provides information as of December 31, 2012 (the pension measurement date for purposes of our 2012 audited financial statements) for each of our NEOs regarding the actuarial present value of the officer's total accumulated benefit under each of our applicable defined benefit plans, the Pension Value Plan, the Supplemental Executive Retirement Plan (SERP), and the Boeing Toronto Supplemental Executive Retirement Income Plan (Toronto SERIP). Benefits under the SERP and the Toronto SERIP are payable only in the form of a monthly annuity. For Mr. McNerney, the table also includes the actuarial present value of his retirement benefit under his employment agreement in the form of a 15-year certain annuity. For Mr. Luttig, the table also includes the actuarial present value of his retirement benefit under his supplemental pension agreement in the form of a lump sum. For Mr. Smith, the table also includes the actuarial present value of his retirement benefit under the Toronto SERIP. The actuarial values were determined using interest rate and mortality rate assumptions consistent with those used in our 2012 audited financial statements.

Name	Plan Name	Number of Years of Credited Service (#)(1)	Present Value of Accumulated Benefit ($)(2)	Payments During Last Fiscal Year ($)
W. James McNerney, Jr.	Pension Value Plan	7.51	$ 299,918	$ 0
	SERP	7.51	8,456,275	0
	Employment Agreement	7.00	34,154,581	0
Gregory D. Smith	Pension Value Plan	10.01	261,153	0
	SERP	10.01	211,677	0
	Toronto SERIP	9.52	239,994	0
Raymond L. Conner	Pension Value Plan	34.57	1,037,299	0
	SERP	34.57	3,920,855	0
J. Michael Luttig	Pension Value Plan	6.64	280,287	0
	SERP	6.64	1,791,786	0
	Supplemental Pension Agreement	6.64	2,637,541	0
Dennis A. Muilenburg	Pension Value Plan	27.00	670,418	0
	SERP	27.00	3,571,987	0
James F. Albaugh	Pension Value Plan	28.41	1,777,182	25,929
	SERP	28.41	12,141,006	0
James A. Bell	Pension Value Plan	41.00	2,191,431	95,484
	SERP	41.00	10,638,119	463,521

(1) Credited service for purposes of calculating benefits under the Pension Value Plan and the SERP (called "benefit service" under the plans) is counted in the same manner and determined pursuant to such plans uniformly for all plan participants. Credited service for purposes of calculating benefits under the Toronto SERIP is counted in the same manner for all participants in the Pension Plan for Salaried Employees of Boeing Toronto, LTD (Toronto Salaried Plan). The years of company service for each NEO for the Pension Value Plan and SERP are as follows: Mr. McNerney, seven years; Mr. Bell, 40 years; Mr. Albaugh, 37 years; Mr. Luttig, six years; Mr. Smith 22 years; Mr. Conner 34 years; and Mr. Muilenburg, 26 years. The credited service is slightly higher than years of company service for each officer (except Mr. Albaugh and Mr. Smith) for reasons such as service counting methods and the transition of benefits from our Employee Retirement Plan to the Pension Value Plan, which provided up to one year of additional credited service. Mr. Albaugh's credited service is less than his years of company service because for part of his company service he, in connection with a government contract, participated in a pension plan that is not currently sponsored by us. Mr. Smith's credited service under the Pension Value Plan and the SERP is less than his years of company service because he earned benefits in a Canadian subsidiary pension plan for part of his company service. Part of that service was in the Toronto Salaried Plan and the Toronto SERIP and is reflected in the service above. Part of that service was in the Boeing Toronto, LTD. Non-Contributory Pension Plan for Hourly Employees of the National Automobile Aerospace Transportation and General Works Union of Canada Local 1967 (CAW-Canada Local 1967 Plan) and that service is not reflected in the table above. The Toronto Salaried Plan and the CAW-Canada Local 1967 Plans have been terminated and benefits have been cashed out; however, Mr. Smith retains a Toronto SERIP benefit. Under the terms of Mr. McNerney's employment agreement retirement benefit, described below, his years of credited service are counted from January 1, 2006. Under the terms of Mr. Luttig's supplemental pension agreement, described below, he became vested in a supplemental retirement benefit after three years of service with us. Granting extra years of credited service under the SERP requires the approval of the Compensation Committee.

(2) The amounts reported in this column for each officer were calculated assuming no future service or compensation increases. Present values were calculated assuming no pre-retirement mortality or termination. The values under the Pension Value Plan, the SERP, and the Toronto SERIP are the actuarial present values as of December 31, 2012 of the benefits earned as of that date and payable at age 65 for the Pension Value Plan, age 62 (or current age, if older) for the SERP, and age 55 for the Toronto SERIP. The discount assumption is 3.9% for both the Pension Value Plan and the SERP. The discount assumption is 4.1% for the Toronto SERIP. The post-retirement mortality assumption of the Pension Value Plan and SERP is the Internal Revenue Service specified generational mortality for funding purposes. The post-retirement mortality assumption for the Toronto SERIP is UP 1994 fully generational. The value set forth for Mr. McNerney's employment agreement retirement benefit is a 15-year certain annuity equal in value to one that could have commenced at age 62, and the value set forth for Mr. Luttig's supplemental pension agreement retirement benefit is a lump sum payable at age 65. The Pension Benefit Guaranty Corporation interest rate used to convert Mr. McNerney's benefit to a 15-year certain annuity is 0.75%. Both Mr. McNerney's 15-year certain annuity and Mr. Luttig's lump sum are discounted with the same interest rate used for the SERP. If the officer has retired, the value reflects the form of benefit and the benefits that have and will be received as of December 31, 2012.

In order to determine changes in pension values for the Summary Compensation Table on page 36, the values of the Pension Value Plan, the SERP, the Toronto SERIP, Mr. McNerney's employment agreement retirement benefit and Mr. Luttig's supplemental pension agreement retirement benefit were also calculated as of December 31, 2011 for the benefits earned as of that date. The discount assumption used for the Pension Value Plan, the SERP, Mr. McNerney's employment agreement retirement benefit and Mr. Luttig's supplemental pension agreement retirement benefit was 4.50%, which was the assumption used for financial reporting purposes for 2011. The discount assumption rate used for the Toronto SERIP was 3.9%, which was the assumption used for financial reporting purposes for 2011. The Pension Benefit Guaranty Corporation interest rate used to convert Mr. McNerney's benefit to a 15-year certain annuity as of December 31, 2011 was 1.25%. Other assumptions used to determine the value as of December 31, 2011 were the same as those used for December 31, 2012. The assumptions reflected in this footnote are the same as the ones used for the Pension Value Plan, the SERP, and the Toronto SERIP for financial reporting purposes.

For all participants in the Pension Value Plan and the SERP, the life annuity is the normal form of payment for unmarried participants, and a 50% joint and survivor benefit is the normal form of payment for those who are married at the time of benefit commencement; alternative annuity forms may also be available. The normal form of payment for those married in the Toronto SERIP is a 60% joint and survivor and other forms are available. The benefits shown in the table are not subject to any deduction for Social Security benefits.

Pension Value Plan

Under the Pension Value Plan, each year a bookkeeping account in a participant's name is credited with an amount equal to a percentage of the participant's annual base salary and annual incentive compensation depending on the participant's age, ranging from 3% for those younger than age 30 to 11% for those age 50 and older. Each of the NEOs, except Messrs. Smith and Muilenburg is older than age 50. Messrs. Smith and Muilenburg receive a credit of 9% which is the same rate received by all other participants in the plan who are between age 45 and 49. Each participant's account also receives interest credits based on the yield of the 30-year U.S. Treasury bond in effect during November of the previous year, except that the rate may be no lower than 5.25% or higher than 10%. Benefits are earned after one year of service, which is retroactively credited upon completion. Benefits generally vest after three years of service or, if earlier, when a participant reaches age 62. When a participant retires, the amount credited to the participant's account is converted into an annuity by dividing the account balance by a fixed factor of 11 in order to determine the annual benefit for employees retiring from active employment. If a participant terminates employment with a vested benefit before becoming eligible for retirement, annuity benefits can begin on or after age 55. However, the factor used to determine the annuity is 0.4 higher (and therefore the benefit is lower) for each year before age 65 that the benefit commences. For example, the factor for benefit commencement at age 60 for a participant whose employment terminates before retirement is 13 rather than 11. Benefits under the Pension Value Plan are pre-funded and are paid out of the assets of the plan.

In addition, certain benefits earned by participants under prior retirement plans of Boeing calculated as of December 31, 1998 were transferred to the Pension Value Plan when it became effective as of January 1, 1999. Certain benefits earned by participants under prior retirement plans of Boeing North American were also transferred as of July 1, 1999. These benefits will increase each year at the same rate the participant's salary increases, and the benefits retain early retirement subsidies. At retirement, participants will receive these benefits in addition to the Pension Value Plan annuity described above.

Supplemental Executive Retirement Plan

In addition to the pension benefit under the Pension Value Plan, NEOs may also receive a pension benefit under the SERP, which is a nonqualified defined benefit plan. For those employees whose benefit under the Pension Value Plan is limited by applicable federal tax laws and regulations, the SERP provides an excess benefit equal to additional amounts the Pension Value Plan would have paid absent limitation by applicable federal tax laws and regulations. For executives hired before January 1, 2008, the SERP pays the greater of the excess benefit or a supplemental target benefit that may enhance the benefits received under the Pension Value Plan. The Compensation Committee amended the SERP to eliminate the supplemental target benefit for employees hired or rehired between January 1, 2008 and December 31, 2008. For these employees, which includes Mr. Smith, the SERP will provide only an excess benefit. For employees hired or rehired on or after January 1, 2009, the Pension Value Plan and the SERP have been replaced with an enhanced defined contribution plan. Benefits under the SERP are not pre-funded and are paid out of our general assets.

Under the SERP, credited service is the same as the credited service recognized under the Pension Value Plan. Supplemental pension benefits are based on years of Pension Value Plan credited service times 1.6% of average annual compensation for the five consecutive years of employment with the highest base compensation and the five consecutive years of employment with the highest incentive awards. For the NEOs, this typically has been the average annual compensation over the last five years of employment. Compensation includes annual base salary plus annual incentive compensation and does not include any other forms of remuneration. The supplemental target benefit formula is limited to 100% of a participant's annual base salary at termination and is reduced by the amount of qualified benefits received under the Pension Value Plan. Supplemental pension benefits vest at the later of being vested in the Pension Value Plan or 36 consecutive months on the executive payroll. The SERP benefits are subject to forfeiture if the executive leaves the Company to work in a capacity that is determined to be in competition with a significant aspect of our business, or commits one of a number of felonies against us or our interests. SERP benefits accrued after 2007 are also subject to forfeiture if the executive solicits or attempts to solicit our employees, representatives or consultants to work for the executive or a third party without our consent, or if the executive disparages us, our products or our employees.

Toronto SERIP

For participants in the Toronto Salaried Plan, the Toronto SERIP provides an excess benefit equal to the additional amounts the Toronto Salaried Plan would have paid absent limitations by applicable Canadian laws and regulations. The Toronto Salaried Plan benefits are based on years of credited service thereunder times 1.5% of the average monthly earnings integrated with the Canada Pension Plan based on the Year's Maximum Pensionable Earnings (YMPE). Benefits in the Toronto SERIP vest after two years of continuous service.

Early Retirement

Pension benefits generally are reduced for early retirement by a certain percentage from the amount that would have been paid upon benefit commencement at normal retirement age. This is to account for early commencement of the benefit, which results in additional years of benefit payment. The Pension Value Plan has early retirement eligibility provisions and early retirement reduction factors that apply in the same manner to executives (including the NEOs) and to other employees. This section describes those provisions and factors that apply to the NEOs based on their age and years of service and the applicable provisions of prior plans.

For early retirement (prior to age 65), the Pension Value Plan benefit is based on the balance as of that early retirement age and does not reflect the future interest credits that would have been earned through age 65. The Pension Value Plan benefits earned under prior Boeing plans by Messrs. Conner and Muilenburg would be reduced 2% for each year prior to age 60 that they retire. The Pension Value Plan benefits earned under prior Boeing plans and prior Boeing North American plans by Messrs. Albaugh and Bell are unreduced since they are over age 60. Under the SERP, the supplemental target benefit would be reduced 3% for each year the employee retires prior to age 62 and 6% for each year the benefit commences prior to age 65 if the employee terminates employment prior to being eligible for retirement; otherwise, payments and benefits for early retirement are calculated the same as normal retirement benefits, as described above. The Toronto SERIP is reduced by the lesser of 2.5% per point before attaining 85 points (based on age plus years of service), 2.5% per year before attaining age 65 or 6.0% per year before attaining age 62.

Messrs. McNerney, Conner, Albaugh and Bell are eligible for early retirement benefits under the Pension Value Plan and the SERP based on being at least age 55 with ten years of vesting service or at least age 62 with one year of service at termination. Mr. Luttig is not currently eligible for early retirement; however, he is eligible to commence receiving vested benefits as can other vested employees who are at least age 55. Neither Mr. Muilenburg nor Mr. Smith is currently eligible for early retirement nor can they commence benefits since they are under age 55. Vesting service is the service used under the Pension Value Plan and the SERP to determine eligibility for benefits, including eligibility for early retirement benefits. Continuous service is used for eligibility for benefits under the Toronto SERIP.

Estimated SERP benefits and early Toronto SERIP benefits that could be paid as a result of various terminations as of December 31, 2012 are shown under Table II—Estimated Potential Annual Supplemental Executive Retirement Plan Payments Upon Termination on page 54.

Employment Agreement Retirement Benefit
Mr. McNerney's employment agreement requires us to provide Mr. McNerney a supplemental retirement benefit designed to compensate him for benefits provided by his former employer that he forfeited. Pursuant to the agreement, he has a "target benefit" calculated as a straight-life annuity commencing at age 62 payable from Boeing (including qualified pension benefits, nonqualified pension benefits and the employment agreement) that is offset by pension benefits payable by his previous employers, 3M and General Electric. This target benefit is 50% of Mr. McNerney's highest average annual compensation (annual base salary plus annual incentive compensation). The average annual compensation is the highest three years out of ten including compensation at prior employers. For service accrued through December 31, 2012, the target benefit (before reduction for other provided pension benefits) was $3,184,500 per year. The present value of the accumulated benefit was payable as a 15-year certain annuity (assuming it is equal in value to the defined annuity commencing at age 62 using the Pension Benefit Guaranty Corporation interest and UP 84 mortality rates) on the assumed date of December 31, 2012. The supplemental retirement benefit is fully vested.

Supplemental Pension Agreement Retirement Benefit
Pursuant to a supplemental pension agreement between us and Mr. Luttig, Mr. Luttig will be paid a lump sum at the earlier of termination or age 65 or such later date as required by Section 409A of the Internal Revenue Code. The lump sum is the equivalent of a 20-year certain and continuous annuity of $225,000 per year that commences at age 65. The value of the lump sum is based on the same interest and mortality assumptions that are used for lump-sum payments in the Pension Value Plan. The benefit became fully vested in May 2009.

2012 Nonqualified Deferred Compensation

Deferred Compensation Plan
Our Deferred Compensation Plan for Employees is a nonqualified, unfunded defined contribution plan under which eligible executives may defer up to 50% of base salary, 100% of annual incentive awards and 100% of performance awards.

Deferred compensation investment elections available under the Deferred Compensation Plan include an interest-bearing account, a Boeing Stock Fund account and 21 other notional investment funds that track those available to employees under the Voluntary Investment Plan (a 401(k) plan). The interest-bearing account is credited with interest daily during the calendar year at a rate that is equal to the mean between the high and the low yields on AA-rated industrial bonds as reported by Moody's Investors Service, Inc. during the first 11 months of the preceding year, rounded to the nearest 1/4 of 1 percent. The rate was 4.75% for 2012 and is 3.75% for 2013. Executives may change how deferrals are invested in the funds at any time, subject to insider trading rules and other Deferred Compensation Plan restrictions that limit the transfer of funds into or out of Boeing stock.

Executives choose how and when to receive payments under the Deferred Compensation Plan. Executives may elect either a lump-sum payment or annual payments over two to 15 years. Annual payments are calculated based on the number of years of remaining payments. Payments to an executive under the Deferred Compensation Plan begin on the later of (a) the January following the age the executive elected or (b) the January after the executive separates from service with us, as defined in the Deferred Compensation Plan (generally, when the executive's employment with us ends).

Supplemental Benefit Plan
Our Supplemental Benefit Plan is a nonqualified, unfunded defined contribution plan that is intended to supplement the retirement benefits of eligible executives to the extent that their benefits under our 401(k) plan are curtailed by legislation limiting contributions to the 401(k) plan and the earnings that may be considered in

computing benefits under the 401(k) plan. The Internal Revenue Code currently caps certain contributions to an executive's 401(k) plan accounts, such as company matching contributions, before-tax contributions made by us at the request of the participating executive and executive after-tax contributions. The Internal Revenue Code also caps the amount of compensation that may be considered when determining an executive's retirement benefits under our 401(k) plan. The Supplemental Benefit Plan is therefore intended to pay, out of our general assets, an amount substantially equal to the difference between the amount actually allocated to an eligible executive's account under our 401(k) plan and the amount that, in the absence of such limiting legislation, would have been allocated to the executive's account as before-tax contributions plus our matching contributions.

Deferred compensation investment elections available under the Supplemental Benefit Plan include an interest-bearing account, a Boeing Stock Fund account and 21 other notional investment funds that track those available to employees under the Voluntary Investment Plan (a 401(k) plan). The interest-bearing account is credited with interest monthly during the calendar year at a rate that is equal to the mean between the high and the low yields on AA-rated industrial bonds as reported by Moody's Investors Service, Inc. during the first 11 months of the preceding year, rounded to the nearest 1/4 of 1 percent. The rate was 4.75% for 2012 and is 3.75% for 2013. All investment funds are valued daily, and executives may change how deferrals are invested in the funds at any time, subject to insider trading rules and other Supplemental Benefit Plan restrictions that limit the transfer of funds into or out of Boeing stock.

Payments to an executive under the Supplemental Benefit Plan (which will be either one lump-sum payment or annual payments over two to 15 years based on the executive's election) begin on the later of (a) the January following the age the executive elected or (b) the January after the executive separates from service with us, as defined in the Supplemental Benefit Plan (generally, when the executive's employment with us ends). Annual payments are calculated based on the number of years of remaining payments.

The Compensation Committee amended the Supplemental Benefit Plan effective January 1, 2009 to provide additional retirement benefits to certain executives hired or rehired on or after January 1, 2009 who are not eligible to participate in our Pension Value Plan or SERP.

2012 Deferred Compensation Table

The following table provides information for each of our NEOs regarding aggregate officer and company contributions, aggregate earnings for 2012 and year-end account balances under the Deferred Compensation Plan, the Supplemental Benefit Plan, and other nonqualified deferred compensation arrangements described below. As of December 31, 2012, Messrs. McNerney and Smith had not elected to participate in the Deferred Compensation Plan. Messrs. Albaugh and Bell retired on October 1, 2012 and April 1, 2012, respectively.

Name	Plan Name	Executive Contributions in Last FY ($)(1)	Company Contributions in Last FY ($)(2)	Aggregate Earnings in Last FY ($)(3)	Aggregate Withdrawals/ Distributions ($)(4)	Aggregate Balance at Last FYE ($)(5)
W. James McNerney, Jr.(6)	Supplemental Benefit Plan	$ 134,400	$100,800	$129,129	$ 0	$1,917,976
	Deferred Compensation Plan for Directors	0	0	52,210	0	1,044,476
Gregory D. Smith	Supplemental Benefit Plan	53,481	21,392	3,315	0	124,850
Raymond L. Conner	Deferred Compensation Plan	0	0	137,423	0	3,047,677
	Supplemental Benefit Plan	0	0	3,838	0	82,653
J. Michael Luttig	Deferred Compensation Plan	630,496	0	142,569	0	1,455,804
	Supplemental Benefit Plan	44,218	33,163	23,765	0	562,541
Dennis A. Muilenburg	Deferred Compensation Plan	0	0	187,850	0	2,471,088
	Supplemental Benefit Plan	69,195	41,517	32,689	0	320,376
James F. Albaugh(7)	Deferred Compensation Plan	0	0	1,664,769	0	27,042,751
	Supplemental Benefit Plan	45,301	33,976	75,690	0	1,671,295
	Special Retention Deferral	0	0	15,916	374,828	0
James A. Bell	Supplemental Benefit Plan	955	716	38,459	0	828,796

(1) Amounts reflect elective deferrals of salary and performance awards.

(2) Amounts reflect Company matches under the Supplemental Benefit Plan.

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(3) Amounts reflect dividends on deferred stock units and changes in the market value of the underlying stock, interest credited on interest account holdings and change in value of other investment holdings.

(4) Amounts reflect distributions made in 2012.

(5) Reflects year-end account balances of deferred compensation, including deferrals of certain equity awards granted or earned prior to 2006. Of the amounts in this column, the following amounts were also included in the Total Compensation column of the Summary Compensation Table for 2012, 2011, and 2010:

Name	Plan Name	Reported for 2012 ($)	Reported for 2011 ($)	Reported for 2010 ($)	Total ($)
W. James McNerney, Jr.	Supplemental Benefit Plan	$ 235,200	$ 235,900	$ 235,900	$ 707,000
Gregory D. Smith	Supplemental Benefit Plan	74,873	—	—	74,873
Raymond L. Conner	Supplemental Benefit Plan	—	—	—	—
J. Michael Luttig	Deferred Compensation Plan	—	630,496	—	630,496
	Supplemental Benefit Plan	77,381	74,374	72,049	223,804
Dennis A. Muilenburg	Supplemental Benefit Plan	110,712	94,646	—	205,358
James F. Albaugh	Supplemental Benefit Plan	79,277	105,637	102,237	287,151
James A. Bell	Supplemental Benefit Plan	1,671	90,423	86,736	178,830

(6) Amounts for Mr. McNerney include earnings of $52,210 and a balance of $1,044,476 in the Deferred Compensation Plan for Directors resulting from deferrals made when Mr. McNerney served as a nonemployee director from 2001 through July 1, 2005. The Deferred Compensation Plan for Directors is described in more detail in "Director Compensation—Deferred Compensation" on page 16.

(7) Amounts for Mr. Albaugh include earnings of $15,916 and a distribution of $374,828 in a Special Retention Deferral account resulting from a special retention award that Mr. Albaugh received in 1998 for remaining with us after our acquisition in 1996 of certain Rockwell International aerospace and defense businesses.

Potential Payments upon Termination or Change-in-Control

Table I below, captioned "Estimated Potential Incremental Payments Upon Termination," sets forth the estimated amount of incremental compensation payable to each of the NEOs upon termination of the officer's employment in the event of (1) a termination by us without cause or by the officer for good reason in connection with a change-in-control; (2) layoff; (3) retirement; (4) disability; or (5) death. The amounts shown assume that the termination was effective as of December 31, 2012 and that the price of Boeing stock as of termination was the closing price of $75.36 on December 31, 2012. The actual amounts to be paid can be determined only following the officer's termination and the conclusion of all relevant incentive plan performance periods. Except as set forth below pursuant to Mr. McNerney's employment agreement, we do not provide any benefits to NEOs upon the occurrence of a change-in-control.

In the event of termination due to layoff, retirement, death or disability, the NEO will receive the estimated incremental benefits reflected in Table I as a result of the following:

- Distribution of shares of Boeing stock represented by Career Shares;
- Pro rata vesting of RSUs granted under the long-term incentive program based on the number of full and partial calendar months of active employment during the three-year performance period (beginning with the first full calendar month after the grant date);
- Continued eligibility for performance awards, which will be paid pro rata to the extent earned after the end of the three-year performance period based on the number of full and partial calendar months of active employment during the relevant performance periods. The performance awards earned and paid for 2010-2012 performance, which are reported in the Summary Compensation Table on page 36, are not included in Table I because as of December 31, 2012, the amounts had been earned;
- Pro rata payment of annual incentive awards, which will be paid in the year following termination to the extent earned based on the number of days employed during the year. The annual incentive awards earned and paid for 2012 performance, which are reported in the Summary Compensation Table on page 36, are not included in Table I because as of December 31, 2012, the amounts had been earned; and
- Continued eligibility for tax preparation services through the calendar year following year of termination.

In the event of the disability or death of a NEO, the officer will receive benefits under our disability plan available generally to all salaried employees or our executive life insurance plan. The disability insurance amounts are not reflected in Table I. Our executive officers are eligible for a life insurance benefit that is equal to three times base salary up to $3.5 million. Mr. McNerney also is eligible for a supplemental life insurance benefit pursuant to his employment agreement. The life insurance benefits are reflected in Table I.

Executive Layoff Benefit Plan
Our NEOs are eligible to participate in the Boeing Executive Layoff Benefit Plan (the "Layoff Plan"), which is an ongoing layoff benefits program for all executives who are laid off and who do not become employed elsewhere within the Company. If a layoff occurs because of a merger, sale, spin-off, reorganization or similar transfer of assets or stock, or because of a change in the operator of a facility or a party to a contract or an outsourcing of work, the executive is eligible for benefits under the Layoff Plan unless the executive either (1) continues in equivalent employment in the case of a stock sale or similar transaction or (2) rejects an offer of equivalent employment with the new employer. "Equivalent employment" means employment that is at no less than 90% of the executive's prior base salary and target incentive compensation and is located within 70 miles of the executive's pre-layoff work location.

Eligible participants under the Layoff Plan receive a layoff benefit equal to one year of base salary plus an amount equal to the executive's target annual incentive multiplied by the Company performance score (and business unit score, as applicable) for the year in which the layoff occurs, minus, if applicable, the total of all payments made, or to be made, pursuant to any individual employment, separation or severance agreement. Amounts payable under the Layoff Plan are included in Table I. The Layoff Plan does not provide tax gross-ups.

Executives who are terminated due to layoff are also eligible for certain health and welfare benefits paid by us through the end of the month of layoff and outplacement services. In addition, any supplemental grants of RSUs, which are described under the heading "Supplemental Equity Awards" on page 29 will vest in full upon layoff.

Potential Payments Pursuant to Mr. McNerney's Employment Agreement
Mr. McNerney's employment agreement provides for the following termination benefits.

Upon termination by us without cause or by Mr. McNerney for good reason, Mr. McNerney will receive supplemental retirement benefits accrued to date, with additional credit for severance (including payments under the Executive Layoff Benefit Plan) and related service for purposes of his employment agreement retirement benefit.

Upon a termination of employment by us without cause or by Mr. McNerney for good reason in contemplation of or within two years after a change-in-control (a so-called "double-trigger"), Mr. McNerney will receive the following severance payments: (1) supplemental retirement benefit accrued to date, with additional credit for severance and related service for purposes of his employment agreement retirement benefit; and (2) severance and any medical benefit continuation provided in accordance with any company plan, but no less than the sum of (a) three times the sum of Mr. McNerney's base salary and his then-current target bonus (annual incentive) amount; (b) a lump-sum cash payment equal to the product of 36 multiplied by the premium amount charged by us in providing continued medical benefit coverage under COBRA; and (c) a pro rata bonus (annual incentive) for the termination year based on actual performance for the year.

Mr. McNerney's agreement does not provide for tax gross-ups.

Effective in July 2010, Mr. McNerney became "retiree eligible" under all welfare benefit, equity and other incentive plans and programs applicable to our senior executives. During the term of the employment agreement, we will provide Mr. McNerney with universal life insurance with a death benefit of at least $16,400,000, at a premium level not to exceed $262,937 annually. Under Mr. McNerney's employment agreement, a "change-in-control" is the first to occur of any of the following events: (1) any person becomes the beneficial owner of more than 30% of the outstanding securities of Boeing; (2) the incumbent directors (including those nominees subsequently nominated or elected by incumbent directors) cease for any reason to constitute at least a majority of the Board of Directors; (3) consummation of a reorganization, merger, consolidation, sale or other disposition of at least 80% of the assets of the Company, unless the beneficial shareholders of the Company immediately prior to the transaction retain at least 50% of the combined voting power of the outstanding shares entitled to vote on director elections; or (4) approval by shareholders of a complete liquidation or dissolution of the company.

“Good reason” is defined in the agreement to include: (1) any material adverse change in Mr. McNerney’s status, responsibilities or perquisites; (2) any diminution in his titles; (3) any failure to nominate or elect him as Chief Executive Officer, Chairman of the Board or a director; (4) causing or requiring him to report to anyone other than the Board; (5) assigning to him duties materially inconsistent with his positions and duties described in the agreement or giving a notice terminating the renewal feature of the agreement; (6) our failure to assign the agreement to a successor to the Company or failure of a successor to the Company to explicitly assume and agree to be bound by the agreement; or (7) requiring him to be principally based at any office or location more than 30 miles from our current corporate offices in Chicago, Illinois.

“Cause” is defined in the agreement to include: (1) conviction of a felony, or a misdemeanor (excluding a petty offense) involving fraud, dishonesty or moral turpitude; (2) a material breach of the agreement that is not cured within ten days after receiving notice from the Board; (3) willful or intentional material misconduct in the performance of the duties under the agreement, including a material breach of our Code of Conduct that is willful or intentional material misconduct; or (4) willful or intentional failure to comply materially with a specific, written direction of the Board that is consistent with normal business practice, not inconsistent with the agreement and not unlawful or unethical. Cause does not include bad judgment, negligence or any act or omission believed to be in good faith or to have been in or not opposed to the interest of the Company.

Mr. McNerney’s employment agreement provides him with a supplemental retirement benefit if his employment terminates or upon an earlier change-in-control. If such an event had occurred on December 31, 2012, he (or his beneficiary) would have been entitled to 15 annual payments (calculated based on the annuity conversion basis set forth in his employment agreement) of $2,992,661.

Potential Payments Pursuant to Mr. Luttig’s Supplemental Pension Agreement
As described on page 48, Mr. Luttig’s supplemental pension agreement provides for a retirement benefit if his employment terminates. If Mr. Luttig’s employment had terminated on December 31, 2012, he (or his beneficiary) would have been entitled to a lump-sum retirement benefit of $2,717,616, payable as of July 1, 2013.

Estimated Potential Payments Presented in Table I
Table I below presents estimated incremental compensation payable to each of our NEOs as described above. The estimated incremental compensation is presented in the following benefit categories:

- *Cash severance*: reflects cash severance (1) in the case of layoff, pursuant to the Executive Layoff Benefit Plan and (2) in the case of a termination without cause or for good reason in connection with a change-in-control, pursuant to Mr. McNerney’s employment agreement;
- *Service-based equity awards*: market value, as of December 31, 2012, of (1) Career Shares that would be distributed and (2) unvested RSUs that would vest;
- *Performance awards*: value of portions of the 2011-2013 and 2012-2014 performance awards that would be payable, assuming target Company performance;
- *Cash payment for medical coverage*: estimated value of lump-sum payment for continued medical coverage under COBRA pursuant to the terms of Mr. McNerney’s employment agreement;
- *Life insurance death benefit*: value of the executive’s life insurance payable following death;
- *Tax preparation*: estimated value of continuation of this benefit; and
- *Outplacement services*: estimated potential value of this service.

In addition to the items described above, NEOs are entitled to receive amounts earned during the term of employment. These amounts, which are not included in Table I, include: amounts contributed under our qualified and nonqualified deferred compensation plans; vested retirement benefits; performance awards earned and paid for 2010-2012 performance; and annual incentive awards earned and paid for 2012 performance.

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Table I: Estimated Potential Incremental Payments Upon Termination

Name and Benefits	Termination in Connection with a Change-in-Control(1)	Layoff	Retirement	Disability	Death
W. James McNerney, Jr.					
Cash Severance	$15,633,000	$7,179,600	$0	$0	$0
Service-Based Equity Awards	7,301,836	7,301,836	7,301,836	7,301,836	7,301,836
Performance Awards	4,712,800	4,712,800	4,712,800	4,712,800	4,712,800
Cash Payment for Medical Coverage	60,000	0	0	0	0
Life Insurance Death Benefit	0	0	0	0	17,544,417
Tax Preparation Services	41,164	41,164	41,164	41,164	41,164
Outplacement Services	10,000	10,000	0	0	0
Total Estimated Incremental Value	27,758,800	19,245,400	12,055,800	12,055,800	29,600,217
Gregory D. Smith					
Cash Severance	0	1,492,464	0	0	0
Service-Based Equity Awards	0	479,962	0	479,962	479,962
Performance Awards	0	420,633	0	420,633	420,633
Life Insurance Death Benefit	0	0	0	0	1,897,200
Tax Preparation Services	0	8,011	0	8,011	8,011
Outplacement Services	0	10,000	0	0	0
Total Estimated Incremental Value	0	2,411,070	0	908,606	2,805,806
Raymond L. Conner					
Cash Severance	0	1,745,625	0	0	0
Service-Based Equity Awards	0	5,747,749	1,179,660	5,747,749	5,747,749
Performance Awards	0	353,333	353,333	353,333	353,333
Life Insurance Death Benefit	0	0	0	0	2,250,000
Tax Preparation Services	0	570	570	570	570
Outplacement Services	0	10,000	0	0	0
Total Estimated Incremental Value	0	7,857,277	1,533,563	6,101,652	8,351,652
J. Michael Luttig					
Cash Severance	0	2,040,192	0	0	0
Service-Based Equity Awards	0	4,717,386	0	4,717,386	4,717,386
Performance Awards	0	1,076,733	0	1,076,733	1,076,733
Life Insurance Death Benefit	0	0	0	0	2,428,800
Tax Preparation Services	0	8,044	0	8,044	8,044
Outplacement Services	0	10,000	0	0	0
Total Estimated Incremental Value	0	7,852,355	0	5,802,163	8,230,963
Dennis A. Muilenburg					
Cash Severance	0	2,358,460	0	0	0
Service-Based Equity Awards	0	6,257,404	0	6,257,404	6,257,404
Performance Awards	0	1,080,000	0	1,080,000	1,080,000
Life Insurance Death Benefit	0	0	0	0	2,721,300
Tax Preparation Services	0	8,722	0	8,722	8,722
Outplacement Services	0	10,000	0	0	0
Total Estimated Incremental Value	0	9,714,586	0	7,346,126	10,067,426
James F. Albaugh(2)					
Cash Severance	—	—	0	—	—
Service-Based Equity Awards	—	—	4,133,553(3)	—	—
Performance Awards	—	—	1,398,675(4)	—	—
Life Insurance Death Benefit	—	—	0	—	—
Tax Preparation Services	—	—	8,900	—	—
Outplacement Services	—	—	0	—	—
Total Estimated Incremental Value			5,541,128		
James A. Bell(2)					
Cash Severance	—	—	0	—	—
Service-Based Equity Awards	—	—	2,089,670(5)	—	—
Performance Awards	—	—	743,200(4)	—	—
Life Insurance Death Benefit	—	—	0	—	—
Tax Preparation Services	—	—	8,027	—	—
Outplacement Services	—	—	0	—	—
Total Estimated Incremental Value	—	—	2,840,897	—	—

(1) For the NEOs other than Mr. McNerney, there are no change-in-control benefits.

(2) Amounts (other than "Service-Based Equity Awards" for Mr. Albaugh) represent actual compensation payable to Messrs. Albaugh and Bell, who retired effective October 1, 2012 and April 1, 2012, respectively.

(3) Represents RSUs and Career Shares that vested upon Mr. Albaugh's retirement on October 1, 2012. Because Mr. Albaugh qualifies as a "specified employee" for purposes of Internal Revenue Code Section 409A, the distribution of these awards will be delayed until six months after his retirement. Between the vesting date and the distribution date, these awards will continue to earn dividend equivalents. This amount represents the amount that would have been distributed as of December 31, 2012, because the actual amount distributable will not be calculable until after April 1, 2013.

(4) Amounts represent prorated 2011-2013 performance awards and prorated 2012-2014 performance awards assuming target performance by the Company.

(5) Represents RSUs and Career Shares that vested upon Mr. Bell's retirement on April 1, 2012. Because Mr. Bell qualified as a "specified employee" for purposes of Internal Revenue Code Section 409A, the distribution of these awards was delayed until six months after his retirement. Between the vesting date and the distribution date, these awards continued to earn dividend equivalents.

Estimated Potential Payments Presented in Table II

Table II below shows the estimated SERP benefits payable for the employment termination reasons given in the corresponding columns for each of the NEOs. Pension Value Plan payments that are generally available to all salaried employees are not set forth in the table below. There are no additional disability benefits provided under the Pension Value Plan or the SERP; employment termination because of disability is treated the same as any other non-layoff termination.

Table II shows the annual SERP annuity that would have been received after a termination of employment on December 31, 2012, expressed as a life annuity, and the present value of such annuity benefit (based on the same factors used for the 2012 Pension Benefits table on page 45). The present value was calculated assuming a benefit commencement date of December 31, 2012 for each NEO except Messrs. Smith and Muilenburg, the present value of whose benefits were calculated assuming a benefit commencement date upon their attainment of age 55.

Table II: Estimated Potential Annual Supplemental Executive Retirement Plan Payments Upon Termination

Name	Benefit Payable Upon Termination Due to Retirement, Layoff or Disability(1) Annuity/Present Value ($)	Death Benefit Payable to Spouse(2) Annuity/Present Value ($)
W. James McNerney, Jr.	$616,587 / $8,456,275	$523,235 / $7,727,753
Gregory D. Smith	33,155 / 408,873(3)	3,692 / 378,172(4)
Raymond L. Conner	278,887 / 4,429,278	248,656 / 4,078,896
J. Michael Luttig	85,454 / 1,327,335	74,507 / 1,271,352
Dennis A. Muilenburg	154,627 / 2,075,419	49,352 / 951,954
James F. Albaugh	708,543 / 12,141,006(5)	—
James A. Bell	618,028 / 10,638,119(6)	—

(1) Messrs. McNerney and Conner are eligible for early retirement benefits under the SERP. Mr. Luttig is eligible for retirement benefits but is not eligible for early retirement benefits under the SERP. Messrs. Smith and Muilenburg are not eligible for retirement or early retirement benefits under the SERP.

(2) If the participant dies while an active employee and eligible for retirement, the death benefit paid is a 100% surviving spouse annuity. If the participant is an active employee and not eligible for retirement, the death benefit is a 50% surviving spouse annuity.

(3) Mr. Smith is eligible for benefits under both the SERP and the Toronto SERIP. $13,751 of the annuity amount is related to the SERP and $19,404 is related to the Toronto SERIP. $168,929 of the present value amount is related to the SERP and $239,944 of the present value amount is related to the Toronto SERIP.

(4) Mr. Smith is eligible for benefits under both the SERP and the Toronto SERIP. The annuity amount is related to the SERP, because benefits under the Toronto SERIP must be paid in a lump sum. $70,172 of the present value amount is related to the SERP and $308,000 of the present value amount is related to the Toronto SERIP.

(5) Represents actual payment made to Mr. Albaugh, who retired effective October 1, 2012.

(6) Represents actual payment made to Mr. Bell, who retired effective April 1, 2012.