



**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, 2013
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

State or other jurisdiction of
incorporation or organization

91-0425694

(I.R.S. Employer Identification No.)

100 N. Riverside Plaza, Chicago, IL

(Address of principal executive offices)

60606-1596

(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

(Title of each class)

New York Stock Exchange

(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, 2013, there were 754,034,388 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 \$77.2 billion.

The number of shares of the registrant's common stock outstanding as of February 7, 2014 was 743,404,506.

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, 2013.

Note 15 – 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 2014.

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,	2013	2012	2011
Stock options	\$93	\$85	\$88
Restricted stock units and other awards	113	108	98
Share-based plans expense	\$206	\$193	\$186
Income tax benefit	\$76	\$75	\$73

Stock Options

In February 2013, 2012 and 2011, we granted to our executives 6,591,968, 6,114,922 and 5,426,910 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 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, 2013 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	33,664,018	\$71.81		
Granted	6,698,861	76.35		
Exercised	(15,605,753)	70.31		
Forfeited	(926,233)	74.74		
Expired	(63,150)	68.30		
Outstanding at end of year	23,767,743	\$73.97	6.81	\$1,486
Exercisable at end of year	12,552,449	\$72.70	5.11	\$801

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The total intrinsic value of options exercised was \$546, \$89 and \$67 during the years ended December 31, 2013, 2012 and 2011, respectively. Cash received from options exercised for the years ended December 31, 2013, 2012 and 2011 was \$1,097, \$120 and \$114 with a related tax benefit of \$190, \$29 and \$23, respectively, derived from the compensation deductions resulting from these option exercises. At December 31, 2013, there was \$95 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, 2013, 2012 and 2011 was \$89, \$83 and \$92, 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
2013	2/25/2013	6 years	29.0%	2.6%	1.0%	\$15.85
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

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 prior to 2006 does not provide 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 as a result of vesting terms and changes in the stock price.

Restricted Stock Units

In February 2013, 2012 and 2011, we granted to our executives 1,375,414, 1,369,810 and 1,364,440 restricted stock units (RSUs) as part of our long-term incentive program with grant date fair values of \$75.97, \$75.40 and \$71.44 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.

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Stock unit activity for the year ended December 31, 2013 is as follows:

	Incentive Program Restricted Stock Units	Other Restricted Stock Units
Number of units:		
Outstanding at beginning of year	3,897,449	1,251,189
Granted	1,398,286	225,815
Dividends	72,405	21,573
Forfeited	(201,030)	(15,614)
Distributed	(1,444,793)	(350,033)
Outstanding at end of year	3,722,317	1,132,930
Unrecognized compensation cost	\$104	\$28
Weighted average remaining contractual life (years)	1.8	2.2

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. 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 2013, 2012 and 2011, 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 2013, 2012 and 2011 Performance Awards is \$275, \$259 and \$248, respectively. The 2011 grant is expected to be paid out in cash in March 2014.

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 \$238, \$75 and \$59 in 2013, 2012 and 2011, respectively. As of December 31, 2013 and 2012, the deferred compensation liability which is being marked to market was \$1,258 and \$1,104.

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, 2013 and 2012, 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, 2013. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements 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, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

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, 2013, based on the criteria established in *Internal Control – Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 14, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 14, 2014

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

SCHEDULE 14A
(Rule 14a-101)

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

THE BOEING COMPANY

(Name of registrant as specified in its charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

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We consider the impact of this rule when developing and implementing our executive compensation program. Annual incentive awards, performance awards, stock options and performance-based restricted stock units are generally 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, restricted stock units and performance-based 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 at 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 2013, 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. 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 2013 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 1-year and 3-year economic profit as our principal performance metrics, which incent employees to increase earnings and manage net assets efficiently;
- Use of three distinct long-term incentive vehicles—performance awards, restricted stock units and either stock options or, beginning in 2014, performance-based restricted stock units—that vest in three year periods thereby providing strong incentives for sustained operational and financial performance;

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- 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 or misconduct 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, 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.

Summary Compensation Table

The following table sets forth information regarding 2013 compensation for each of our 2013 named executive officers; 2012 and 2011 compensation is presented for executives who were also named executive officers in 2012 and 2011. The Summary Compensation Table and the 2013 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 39 showing elements of our CEO's actual compensation realized in 2013 and 2012.

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. <i>Chairman and Chief Executive Officer</i>	2013	\$ 1,930,000	\$ 3,763,534	\$ 3,763,503	\$ 12,920,972	0	\$ 885,553	\$ 23,263,562
	2012	1,930,000	3,763,492	3,763,497	10,819,580	6,366,794	840,775	27,484,138
	2011	1,930,000	3,420,165	3,420,159	8,704,300	4,555,010	928,679	22,958,313
Gregory D. Smith <i>Executive V.P. and Chief Financial Officer</i>	2013	685,700	616,608	616,597	1,553,042	28,930	95,135	3,596,012
	2012	594,635	609,342	609,374	1,099,095	222,627	86,453	3,221,526
Shephard W. Hill <i>President, Boeing International and Senior V.P., Business Development and Strategy</i>	2013	662,346	3,562,683	524,112	1,970,912	445,444	55,120	7,220,617
Dennis A. Muilenburg <i>Vice Chairman, President and Chief Operating Officer</i>	2013	941,004	1,156,567	1,156,559	3,494,900	717,653	254,929	7,721,612
	2012	884,255	5,405,705	959,994	2,619,900	1,783,301	289,939	11,943,094
	2011	780,000	734,995	734,995	1,342,900	1,101,761	109,580	4,804,231
John J. Tracy <i>Senior V.P., Engineering, Operations and Technology and Chief Technology Officer</i>	2013	623,089	3,531,613	493,046	1,754,606	318,102	63,614	6,784,070

- (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.
- (2) Amounts reflect the aggregate grant date fair value of 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 RSU award in 2013 is set forth in the 2013 Grants of Plan-Based Awards table on page 40. A description of RSUs appears on page 41.
- (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 15 to our audited financial statements included in our 2013 Annual Report on Form 10-K. A description of stock options appears on page 41.
- (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. 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.	2013	\$ 4,439,000	\$ 8,481,972	\$ 12,920,972
	2012	4,439,000	6,380,580	10,819,580
	2011	4,439,000	4,265,300	8,704,300
Gregory D. Smith	2013	1,135,100	417,942	1,553,042
	2012	784,300	314,795	1,099,095
Shephard W. Hill	2013	875,000	1,095,912	1,970,912
Dennis A. Muilenburg	2013	1,672,100	1,822,800	3,494,900
	2012	1,575,900	1,044,000	2,619,900
	2011	1,118,500	224,400	1,342,900
John J. Tracy	2013	848,600	906,006	1,754,606

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 2013 and for performance awards granted in 2013 are reflected in the 2013 Grants of Plan-Based Awards table on page 40.

- (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 an individual agreement with Mr. McNerney) during the year. If the change in

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actuarial present value was negative, the change in value is shown as zero in the table above. 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. An increase in the interest rate generally decreases 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 2013, pension values decreased primarily due to increases in applicable discount rates; and increased due to (i) increases in average eligible compensation; (ii) increases in present value due to participant aging; and (iii) an additional year of credited service under existing plans. Information regarding our pension plans is set forth in further detail under the 2013 Pension Benefits table beginning on page 44.

(6) The table below sets forth the elements of "All Other Compensation" provided in 2013 to our NEOs:

Name	Perquisites and Other Personal Benefits \$(a)	Life Insurance Premiums \$(b)	Company Contributions to Retirement Plans \$(c)	Total All Other Compensation (\$)
W. James McNERney, Jr.	\$ 499,844	\$ 269,909	\$ 115,800	\$ 885,553
Gregory D. Smith	49,877	4,116	41,142	95,135
Shephard W. Hill	11,414	3,965	39,741	55,120
Dennis A. Muilenburg	192,833	5,636	56,460	254,929
John J. Tracy	22,500	3,729	37,385	63,614

- (a) Perquisites and personal benefits provided to one or more of our NEOs in 2013 consisted of use of Company aircraft for personal travel or to attend outside board meetings, personal use of ground transportation services, tax preparation and planning services, charitable donations, home security expenses, annual physicals and travel planning assistance. We determine the incremental cost to us for these benefits based on the actual costs or charges incurred by us for the benefits. The incremental cost to us for use of Company aircraft equals 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 statute mile increased by 5.7% in 2013 primarily due to high fuel costs. Since our aircraft are used predominately for business travel, the calculation does not include costs that do not change based on usage, such as pilots' salaries, aircraft acquisition costs and the cost of maintenance not related to trips. 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 NEO, except as follows: (i) \$305,382 for use of Company aircraft for personal travel, \$67,755 for use of Company aircraft associated with attendance at outside board meetings, \$51,728 for personal use of ground transportation services, \$43,775 for tax preparation and planning services, and \$26,000 in gift matching donations for Mr. McNERney; (ii) \$22,513 for use of Company aircraft for personal travel, \$8,049 for tax preparation and planning services, and \$16,000 in gift matching donations for Mr. Smith; (iii) \$2,900 for tax preparation and planning services, \$2,014 for annual physicals and \$6,000 in gift matching donations for Mr. Hill; (iv) \$27,300 for use of Company aircraft for personal travel, \$121,149 for use of Company aircraft associated with attendance at outside board meetings, and \$31,000 in gift matching donations for Mr. Muilenburg; and (v) \$6,500 for tax preparation and planning services and \$16,000 in gift matching donations for Mr. Tracy.
- (b) Represents premiums paid by us for term life insurance for the benefit of the insured executive, including supplemental life insurance premiums paid to Mr. McNERney pursuant to his employment agreement.
- (c) Represents matching contributions allocated by us to the NEO under our retirement plans.

CEO Actual Compensation Realized

The supplemental table below, which sets forth our CEO's actual compensation realized in 2013 and 2012, 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 38. 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.

Year	Salary (1)	Annual Incentive Award(2)	Long-Term Incentive Plan Performance Award Payout(3)	Equity Compensation		Total Actual Compensation Realized
				Stock Option Exercises	Stock Award Vesting(4)	
2013	\$ 1,930,000	\$ 4,439,000	\$ 8,481,972	\$ 20,036,665	\$ 4,273,104	\$ 39,160,741
2012	\$ 1,930,000	\$ 4,439,000	\$ 6,380,580	\$ 89,664	\$ 7,241,488	\$ 20,080,732

- (1) Mr. McNERney's last base salary increase was effective March 1, 2008.
- (2) Company economic profit in 2013, as adjusted to reflect core operating performance, was \$2.982B versus a target of \$2.200B, resulting in a payout factor of 170%. The 2012 payout factor was 160%.
- (3) Company economic profit for the 2011-2013 performance period, as adjusted to reflect core operating performance, was \$7.604B versus a target of \$6.260B, resulting in a payout factor of \$186 per performance award unit. The 2010-2012 payout factor was \$145 per performance award unit.
- (4) Represents the value of RSUs granted in 2010 and 2009 as part of the long-term incentive program that vested in 2013 and 2012, respectively.