Lifecycle 2040 Fund

Investment Information

Investment Objective & Strategy
The Fund seeks to maximize capital appreciation and current income, consistent with its current asset allocation.
The Fund invests all of its assets in a broad mix of passive (index) and actively-managed underlying investment funds according to an asset allocation strategy designed for investors planning to withdraw their investment for retirement in or around 2040. The asset allocation may change periodically depending on the market environment, and over time the Fund is expected to become slightly more conservative prior to retirement. The Lifecycle Funds have been customized for Boeing and assume that most participants have larger savings plan balances, hold Boeing stock, retire earlier than the average retiree and receive or will be receiving a benefit from a pension plan (and that the Funds’ equity allocations are thus complemented by other retirement income, i.e., pension retirement benefits).

Fees and Expenses

Total Annual Operating Expense 0.38%
Investment Management Fee 0.05%
Other 0.33%
Total Expense per $1000 $3.80
The fees outlined above are as of 12-31-2013 and are rounded up or down to the nearest dime.

Portfolio Manager(s)
Management Team. Since 2012.

Operations and Management
Date Fund Offered 01-04-06
Management Company BlackRock
Issuer The Boeing Company

Volatility Analysis

Investment
Low Moderate High
Category

In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

Best 3 Month Return 27.90%
Worst 3 Month Return -32.05%
(Mar ’09 - May ’09) (Sep ’08 - Nov ’08)

Performance Disclosure: The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor’s shares, when redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For more current information including month-end performance, please call Boeing TotalAccess at 1-866-473-2015 (TTY/TDD: 1-866-628-5803). Logon at a Boeing location by logging onto http://my.boeing.com. If you are not at a Boeing location, logon to www.boeing.com/express. You will need your BEMSID and your TotalAccess password to access your account by phone or on the external web. Please refer to the performance section of the disclosure page for more information.

Please see Category information on disclosure page.

Portfolio Analysis

Top 5 Holdings as of 09-30-14 % Assets
Standard & Poor’s (S&P) 500 Index Fund 25.51
International Companies Fund 15.04
Global Bond Fund 12.02
US Large Companies Fund 11.12
Global REITS 10.34

Total Number of Holdings 455.71
Annual Turnover Ratio % 106

Principal Risks
For description of the risks associated with this fund, please refer to the attached disclosure pages.

Notes
For an extended strategy description, go to the Boeing Savings Plan Information Website. Effective September 1, 2014 ING’s name changed to Voya.
The attached Fund Fact Sheet provides investment fund information with respect to the various investment fund options available under the savings plans. The performance data given represent past performance (see Performance section below for details) and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor’s shares when redeemed may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution or The Boeing Company.

Performance
Total return reflects performance without adjusting for the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses under the savings plans. The performance data given represent past performance (see Performance section below for details) and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor’s shares when redeemed may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution or The Boeing Company.

Morningstar Style Box™
The Morningstar Style Box reveals a fund’s investment strategy as of the date noted on this report as determined by Morningstar. This investment strategy may differ slightly from the fund’s actual (or overall) investment strategy as described earlier on page 1.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond’s effective duration.

For corporate and municipal bonds, Morningstar surveys credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information, Morningstar instructs fund companies to only use ratings that have been assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). If two NRSROs have rated a security, fund companies are to report the lowest rating to Morningstar. If a rating is unavailable or unpublished, then the security or issuer is categorized as Not Rated/Not Available. US Government Securities issued by the US Treasury or US Government Agencies are included in the US Government category. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO and assumes reinvestment of dividends and capital gains. The fund’s performance is compared with that of a benchmark index. The index is an unmanaged portfolio of specified securities and the index does not reflect any initial or ongoing expenses. A fund’s portfolio may differ significantly from the securities in the index.

Lifestyle Funds
Lifestyle funds typically invest in a number of underlying funds and are designed for investors who are planning to retire during the year in the respective funds’ name. The fund’s target date is the approximate date of when investors expect to begin withdrawing their money. A lifestyle fund’s investment objective strategy typically becomes more conservative over time primarily by reducing its allocation to equity investments and increasing its allocations in fixed-income investments. However, an investor’s principal value in a target-date fund is not guaranteed at any time, including at the fund’s target date. There is no guarantee that the Lifecycle Funds will achieve desired returns or provide adequate retirement income. The Lifecycle Funds in the Boeing Savings Plan have been customized for Boeing based on an analysis of Boeing’s participant demographics, and assume that most participants have saved more in a savings plan, hold Boeing stock, retire earlier, and receive or will be receiving a benefit from a pension plan (and that the Funds’ equity allocations are thus complemented by other retirement plans, i.e., pension, retirement benefits). If you are not eligible for a pension benefit and are concerned about the underlying investment allocations made in the Lifecycle funds to accommodate the pension benefit or Boeing’s other participant demographics, you may want to determine if these funds are appropriate for you. Boeing’s participant demographics and the customized Lifecycle Fund are reviewed and updated annually.

Investment Risk Related to Strategy
The investor should note that funds are subject to investment risks which will vary depending on a particular fund’s investment strategy.

Fee and Expense Ratios
These ratios disclose the percentage of a fund’s assets paid for investment management fees and other expenses, which total the Total Annual Operating Expenses for the fund. Other expenses typically include fees for recordkeeping, trust and custody, audit and other plan administration expenses. Fees and Expenses shown are for the 2013 fiscal year, calculated as of 12-31-13. If fees are updated during a calendar year, the update will be reflected in the Fees and Expense section on page one of subsequent quarterly Fund Fact Sheets.

For fee information, please see the Annual Disclosure of Plan Investment Information document on the Boeing Savings Plan website:

Short Term Redemption Fees
There is a short-term redemption fee of 1.5 percent that is applied to the proceeds of the value of the units sold on all sale transactions that occur 15 or fewer calendar days from the date the units are purchased (excluding contributions, loan repayments, or rollover contributions). These fees do not benefit Boeing or Voya - they are paid directly to each respective fund, benefiting all investors in the fund.

Principal Risks
Active Management: Many of the Underlying Funds are actively managed and subject to the risk that the investment managers’ usage of investment techniques and risk analyses to make investment decisions fails to perform as expected, which may cause the Underlying Funds, and therefore the Fund, to lose value or underperform investments with similar objectives and strategies or the market in general.

Allocation: The Fund’s ability to achieve its investment objective depends upon the Fund’s strategic asset class allocation and mix of investment managers. There is a risk that the evaluating and assumptions regarding asset classes or investment managers may be incorrect in view of actual market conditions.

Capitalization: Concentrating assets in stocks of one or more capitalizations (small, mid, or large) may be subject to both the specific risks of those capitalizations as well as increased volatility because stocks of specific capitalizations tend to go through cycles of beating or lagging the market as a whole.

Morningstar Category Information - Target Date 2036-2040
Target-date portfolios provide a diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2036-2040) for retirement or another goal. These portfolios aim to provide investors with an optimum level of return and risk, based solely on the target date. Over time, management adjusts the allocation among asset classes to more conservative mixes as the target date approaches. The Category Average % shown in the Performance Section on page one demonstrates average returns in this sector in the retail mutual fund market. The Category Average % represents the average returns of a wide universe of retail mutual fund share classes that are in the specific Morningstar Category sector indicated above, similar to the sector of your employer plan fund. This Category Average % does not include returns of non-registered employer plan funds.

Custom Benchmark
The Lifecycle 2040 Fund Custom Index (“Custom Index”) is a custom blend comprised of the following indices Barclays Capital U.S. Aggregate Bond Index, Citigroup 3 Month T-Bill Index, Russell 1000 Index, Russell 2000 Index, MSCI ACWI Ex-US IMI Index, FTSE/EPRA/NAREIT Developed Index, Barclays Capital US TIPS Index, DJ UBS Commodity Index and PMICO (Global) Advantage Bond Index. The weighting of the indices comprising the Custom Index is updated every calendar quarter to reflect the Fund’s current asset allocation. For more details about this Custom Index see the Benchmark Glossary and the Lifecycle Custom Benchmark Allocation sheet on the Boeing Savings Plan website:

Broad-Based Benchmark
The MSCI ACWI Investable Market Index (IMI) captures large, mid and small cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries. With 8,447 constituents, the index is comprehensive, covering approximately 95% of the global equity investment opportunity set. For more details about this Index see the Benchmark Glossary on the Boeing Savings Plan website:

For more details about Morningstar’s methodology for calculating this information, please refer to the current Morningstar Style Box™ Disclosure.
Cash Drag: The Fund may fail to meet its investment objective because of positions in cash and equivalents.

Commodity: Commodity-related investments may be more volatile and less liquid than investments in traditional equity or fixed income securities. Commodity-related investments are subject to the risk that the performance of the overall commodities market declines and that weather, disease, political, tax and other regulatory developments adversely impact the value of commodities, which may result in a loss of principal and interest. Commodity-related instruments may also lose value because of commodity index volatility, interest rate change or events affecting a particular commodity or industry.

Credit and Counterparty: The issuer or guarantor of a fixed-income security, counterparty to an over-the-counter derivatives contract, or other borrower may not be able to make timely principal, interest, or settlement payments on an obligation. In this event, the issuer of a fixed-income security may have its credit rating downgraded or defaulted, which may reduce the potential for income and value of the portfolio. In the discretion of the investment managers, the underlying funds may continue to hold a security that has lost its rating or is subject to a rating downgrade.

Currency: Investments in securities traded in foreign currencies or more directly in foreign currencies are subject to the risk that the foreign currency will decline in value relative to the U.S. dollar, which may reduce the value of the Fund. Investments in currency hedging positions are subject to the risk that currency hedging may result in a loss relative to the currency being hedged, which may result in a loss of money on the investment as well as the position designed to act as a hedge. Cross-currency hedging strategies and active currency positions may increase currency risk because actual currency exposure may be substantially different from that suggested by the Fund’s holdings.

Custody: Foreign custodial and other foreign financial services are generally more expensive than they are in the United States and may have limited regulatory oversight. The Fund may have trouble clearing and settling trades in less-developed markets, and the laws of some countries may limit the Fund’s ability to recover its assets in the event the bank, depository, or agent holding those assets goes into bankruptcy.

Derivatives: Investments in derivatives may be subject to the risk that the investment managers do not correctly predict the movement of the underlying security, interest rate, market index, or other financial asset, or that the value of the derivative does not correlate perfectly with either the overall market or the underlying asset from which the derivative’s value is derived. Because derivatives usually involve a small initial investment, losses may be magnified. These instruments may result in a loss if the counterparty to the transaction does not perform as promised.

Emerging Markets: Investments in emerging- and frontier-markets securities may be subject to greater market, credit, currency, liquidity, legal, political, and other risks compared with assets invested in developed foreign countries.

Equity Securities: The value of equity securities, which include common, preferred, and convertible preferred stocks, will fluctuate based on changes in their issuers’ financial conditions, as well as overall market and economic conditions, and can decline in the event of deteriorating issuer, market, or economic conditions.

Extension: The issuer of a security may repay principal more slowly than expected because of rising interest rates. In this event, short- and medium-duration securities are effectively converted into longer-duration securities, increasing their sensitivity to interest-rate changes and causing their prices to decline.

Fixed-Income Securities: The value of fixed-income or debt securities may be susceptible to general movements in the bond market and are subject to interest-rate and credit risk.

Foreign Securities: Investments in foreign securities may be subject to increased volatility as the value of these securities can change more rapidly and extensively than can the value of U.S. securities. Foreign securities are subject to increased issuer risk because foreign issuers may not experience the same degree of regulation as U.S. issuers do and are held to different reporting, accounting, and auditing standards. In addition, foreign securities are subject to increased costs because there are generally higher commission rates on transactions, transfer taxes, higher custodial costs, and the potential for foreign tax charges on dividend and interest payments. Many foreign markets are relatively small, and securities issued in less-developed countries face the risks of nationalization, expropriation, discriminatory taxation and adverse changes in investment or exchange controls regulations, including suspension of the ability to transfer currency from a country. Economic, political, social, or diplomatic developments can negatively impact performance.

Futures: Investments in futures contracts and options on futures contracts may increase volatility and be subject to additional market, active management, interest, currency and other risks if the contract cannot be closed when desired.

Growth Investing: Growth securities may be subject to increased volatility as the value of these securities is highly sensitive to market fluctuations and future earnings expectations. These securities typically trade at higher multiples of current earnings than do other securities and may lose value if they appear their earnings expectations may not be met.

High-Yield Securities: Investments in below-investment-grade debt securities and unrated securities of similar credit quality, commonly known as “junk bonds” or “high-yield securities,” may be subject to increased interest, credit, and liquidity risks.

Income: The Fund’s income payments may decline depending on fluctuations in interest rates and the dividend payments of the Underlying Funds and their underlying securities. In this event, some investments may attempt to pay the same dividend amount by returning capital.

Index Correlation/Tracking Error: An Underlying Fund that tracks an index is subject to the risk that certain factors may cause the Underlying Fund to track its target index less closely, including if the investment manager selects securities that are not fully representative of the index. The Underlying Fund will generally reflect the performance of its target index even if the index does not perform well, and it may underperform the index after factoring in fees, expenses, transaction costs, and the size and timing of shareholder purchases and redemptions.

Issuer: A stake in any individual security is subject to the risk that the issuer of that security performs poorly, resulting in a decline in a security’s value. Issuer-related declines may be caused by poor management decisions, competitive pressures, technological breakthrough, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, or other factors. Additionally, certain issuers may be more sensitive to adverse issuer, political, regulatory, market, or economic developments.

Interest Rate: Most securities are subject to the risk that changes in interest rates will reduce their market value. Interest rate risk is generally greater for investments with longer durations or maturities.

Investment-Grade Securities: Investments in investment-grade debt securities that are not rated in the highest rating categories may lack the capacity to pay principal and interest compared with higher-rated securities and may be subject to increased credit risk.

Large Cap: Concentrating assets in large-capitalization stocks may subject the Fund to the risk that those stocks underperform other capitalizations or the market as a whole. Large-cap companies may be unable to respond as quickly as small- and mid-cap companies can to new competitive pressures and may lack the growth potential of those securities. Historically, large-cap companies do not recover as quickly as smaller companies do from market declines.

Liquidity: A particular investment may be difficult to purchase or sell and an Underlying Fund may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector.

Long Term Outlook and Projections: The Fund is intended to be held for a substantial period of time, and investors should tolerate fluctuations in the Fund’s value.

Loss of Money: Because the Fund’s market value may fluctuate up and down, an investor may lose money, including part of the principal, when he or she buys or sells the Fund.

Management: Performance is subject to the risk that the Fund’s asset allocation and investment strategies do not perform as expected, which may cause the Fund to underperform its benchmark, other investments with similar objectives, or the market in general. The Fund is subject to the risk of loss of income and capital invested, and the Fund does not guarantee its value, performance or particular rate of return.

Market/Market Volatility: The market value of the Fund’s securities may fall rapidly or unpredictably because of changing economic, political or market conditions, which may reduce the value of the Fund.

Maturity/Duration: Securities with longer maturities or durations typically have higher yields but may be subject to
increased interest-rate risk and price volatility compared with securities with shorter maturities, which have lower yields but greater price stability.

Mortgage-Backed and Asset-Backed Securities: Investments in mortgage-backed and asset-backed securities may be subject to increased price volatility because of changes in interest rates, issuer information availability, credit quality of the underlying assets, market perception of the issuer, availability of credit enhancement, and prepayment of principal. The value of mortgage-backed and asset-backed securities may be adversely affected if the underlying borrower fails to pay the loan included in the security.

Multimanager: Managers’ individual investing styles may not complement each other. This can result in both higher portfolio turnover and enhanced or reduced concentration in a particular region, country, industry, or investing style compared with a fund with a single manager.

Passive Management: Many of the Underlying Funds are not actively managed, and the investment managers of these funds do not attempt to manage volatility or take defensive positions in declining markets. This passive management strategy may subject these Underlying Funds, and therefore the Fund, to greater losses during general market declines than actively managed investments.

Prepayment (Call): The issuer of a debt security may be able to repay principal prior to the security’s maturity because of an improvement in its credit quality or falling interest rates. In this event, the Fund may have to reinvest in securities with lower interest rates than the original securities, reducing the potential for income.

Regulation/Government Intervention: The business of the issuer of an underlying security may be adversely impacted by new regulation or government intervention, impacting the price of the security. Direct government ownership of distressed assets in times of economic instability may subject the Fund’s holdings to increased price volatility and liquidity risk.

Retirement Income Risk: Investment in the Fund may lose value near, at, or after the target retirement date, and there is no guarantee that it will provide adequate income at or through retirement. An investor may have different needs than the recommended asset allocation can anticipate. Specifically, a variety of personal factors, such as individual risk tolerance, financial position, personal circumstances and access to other assets, may not be adequately addressed by the Fund’s investment approach and asset allocation. The Fund cannot assure that the recommended asset allocation will either maximize returns or minimize risk or be the appropriate allocation for every investor with a particular retirement date or retirement needs.

Short Sale: The risk of entering into short sales includes the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the Fund.

Temporary Defensive Measures: Temporary defensive positions may be used during adverse economic, market, or other conditions. In this event, up to 100% of assets may be allocated to securities, including cash and cash equivalents that are normally not consistent with the investment objective.

Underlying Fund/Fund of Funds: The Fund’s risks are closely associated with the risks of the securities and other investments held by the underlying or subsidiary funds and pooled investment vehicles, and the ability of the Fund to meet its investment objective likewise depends on the ability of the Underlying Funds to meet their objectives. Investment in other funds may subject the Fund to higher costs than owning the underlying securities directly. By investing in the Underlying Funds indirectly through the Fund, you will incur not only a proportionate share of the expenses of the Underlying Funds held by the Fund (including operating costs and investment management fees), but also expenses of the Fund.

U.S. Government Obligations: Investments in U.S. Government obligations are subject to varying levels of government support. In the event of default, some U.S. Government securities, including U.S. Treasury obligations and Ginnie Mae securities, are issued and guaranteed as to principal and interest by the full faith and credit of the U.S. Government. Other securities are obligations of U.S. Government-sponsored entities but are neither issued nor guaranteed by the U.S. Government.

Value Investing: Value securities may be subject to the risk that these securities cannot overcome the adverse factors the investment managers believe are responsible for their low price or that the market may not recognize their fundamental value as the investment managers predicted. Value securities are not expected to experience significant earnings growth and may underperform growth stocks in certain markets.